



**Business Regulatory, Investment,
and Trade Environment Program
(BRITE)**

QUANTITATIVE RESEARCH FOR THE BUSINESS REGULATORY, INVESTMENT, AND TRADE ENVIRONMENT (BRITE) PROGRAM

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SUMMARY

The results of the conducted study can be summarized as following:

Awareness of Economic Reforms. 21% from the total number of respondents recalled some achievements of the Government in the field of economics. The majority of the participants to the survey mentioned regularly payment of the salary and pension (56%) as an achievement of governmental policy.. On the other hand, the share of those who specified at least one failure is significantly higher (51%) compared to the ones who mentioned achievements. The *permanent* increase of prices and taxes (66% mentioned an issue related to this topic) is considered to be the main failure in the economic field. When referring to enterprises, the share of respondents who were able to mention some achievements summed up to 26%, while 42% mentioned failures in the economic field. As the General Public Survey demonstrates, respondents aged 24-35, those with a higher level of education and the ones who are economically active are -most likely to be informed on economics related issues.

If it is to speak about economic reforms that were implemented over the last three years, the majority of the respondents among General Public couldn't recall any of these. As one might expect, companies representatives are more aware of the reforms implemented during this period. The reforms most likely to be recalled by the General Public were related to the following aspects: *business launching* (21%) and *registration procedures* (12%) (related to Business Regulation field), *implementation of the Electronic report system* (when speaking about Tax area) and *the streamline of the import and export activities* (18%) (reform mentioned for Trade area and Customs Service activity). The same reforms were also most likely to be mentioned by the Private Sector representatives. Overall, it can be stated that 19% of the respondents (General Public) are aware of the implemented economic reforms.

As far as it concerns the awareness of the USAID projects, it is to mention that 71% of the general public does not know any of these. On the other hand, one fifth of the interviewed persons stated that they heard about BIZPRO program. As a rule, the awareness of the reforms implemented with the USAID's financial aid is rather low: only 11% of the total number of the respondents recalled reforms implemented with USAID financial support.

At the same time, companies representatives stated that the main barriers for successful implementation of the reforms are the *lack of qualified employees in governmental institutions* and the *lack of a economic development plan of the Republic of Moldova*. When referring to the actions that should be taken for assuring the successful implementation of the reforms, company managers declared that an in-depth analysis of the economic environment is required (48%).

Attitude and perception of the public institutions. Analyzing interaction level with the public institutions (service or information request) it is to mention that 59% of the general public hadn't addressed any of the listed public institutions. Respondents were more likely to

interact with *Customs Service* (17%), *Tax Inspectorate* (15%), *National Health Insurance Office* (14%) and *Territorial Social Insurance Office* (13%). On the other hand, the institutions accounting for a higher rate of interaction are *National Bureau of Statistics*, *General Inspection of phyto-sanitary monitoring and seed control* and *Tax Inspectorate*. As one might have expected, the *Customs Service* and *State Construction Inspection* are the institutions which the lowest result when referring to people's perception and attitude. On the contrary, *National Bureau of Statistics* is considered to be an institution with the highest service quality, which is the most inclined to offer information and which demonstrated to be the least corrupt.

When speaking about attitude and perception of the services provided by the public institutions, companies' representatives point of view coincides in most of the cases with that of the general public. As a result, *National Bureau of Statistics* is heading the list when referring to service quality, confidence and satisfaction levels. Similarly, the highest scores when assessing the corruption level were assigned to *Customs Service*.

Perceptions and practices in Public – Private dialog. 9% from the total number of the interviewed companies' representatives declared that they are members of a private sector association. The main associations companies have a membership are related to their branch. When asked about what should be the purposes of an association, the majority of the companies representatives stated, first of all, that these organizations should represent (lobby) interests of its members and keep them informed about the latest legislative changes. On the other hand, companies that are already members of a business association mentioned organization of workshops and receiving newsletters on the latest legislation and know-how as the main benefits of their membership. At the same time company managers were most likely to mention the necessity for a more intensive communication with governmental institutions and the need to conduct more market analysis and offer more information on regulatory frameworks as ways to improve services provided by the associations.

It's also worth mentioning that companies are characterized by a low involvement in public-private dialogue activities: as a result, only 4% of the respondents were able to name just areas (ex.: activities related to Tax Area) to which PPD activities are related, rather than to list specific ongoing activities. When being asked about specific PPD activities, the majority of the respondents (70%), provided a negative answer. The most known appear to be *National Business Agenda* and *National Council of NGOs*. On the other hand, from the total number of company managers aware of the *Regulatory Impact Assessment* (11% of the total number of interviewed managers) only 12% participated in its activities. Other 9% watched online its meetings.

The main reason declared for not taking part in PPD activities was the lack of information on when they were scheduled. It is also worth mentioning that 42% of the respondents see no need to participate in PPD activities. Only 7% of the respondents said they know how feedback on draft laws and regulations can be provided.

Cross-border Trading process. The companies which interact with the Customs Service due to their activity assessed as high the professional skills level of the Customs representatives, 46% choosing scores of 4 and 5 on a scale from 1 to 5. On the same scale, the cross-border process was rated with 3.16 points for importing and respectively 3.32 points for exporting procedures. The same positive assessment was given for customs clearance procedures when importing (3.2 points) and exporting (3.56 points) goods. When being asked about Customs legislation, in 39% of cases trade companies' representatives rated its quality with 4 and 5 points.

The time estimated to cross the border when importing and exporting goods was assessed with an average of 31.5 hours when importing goods (including the time needed to reach the company warehouse) and 29 hours when exporting goods. It is worth mentioning that the time spent at the customs terminal when exporting goods is significantly longer (23.6 hours, compared to 15.1 hours of importing goods). On the other hand, 92% of the companies' representatives stated that they are satisfied with the distance they have to cover to their customs terminal. Meanwhile, customs clearance expenses vary a lot between the interviewed companies. This difference is due to the quantities and the type of imported/exported goods, as well as the different countries to/from which these are moved.

Although trade companies stated to be pretty satisfied with the way they interact with the Customs Service, 28% of them mentioned that they had faced difficulties during *Customs control* when importing goods. Other 32% had difficulties when *obtaining export license and authorization for specific customs regimes*.

Tax Administration. Current tax calculation is perceived by the enterprises as not an easy procedure. On the other hand State Tax Service efforts on promoting the Tax Legislation are considered to be sufficient, 74% of the representatives answering "Yes" to this question. As a rule, accountants and financial department employees are those who access www.fisc.md website for information. The owners and top managers access this information on a regular basis in 36% and respectively 27% of the cases while 67% of financial managers do the same. From the respondents who don't use the information on methods for calculating and declaring taxes placed on the STS website www.fisc.md, explaining it by the fact that looking for such data it is up to the accountant, 15% declared that it was easier for them to use other sources of information and 12% might need some training in order to learn how to use the site. When referring to the fact that the e-services would simplify the fulfillment of the tax liabilities, 64% of the respondents mentioned most frequently they would like to obtain certificates confirming the lack of debts to the budget via internet (64%) as well as to have the possibility to pay taxes and fees on-line (62%).

Regulatory Reform. 15% of the enterprises did obtain some certificates (authorizations/permits) at a one-stop-shop over the last 12 months. Among the most frequently requested certificates via one-stop-shop respondents mentioned the ones issued by Tax Inspectorate, Mayorality, Chamber of Licensing and Chamber of State Registration. In general, it is likely to obtain the needed document in less than 3-4 visits to the one-stop-shop (59%). In 18% of

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the cases, companies' representatives had to double the information submitted to one-stop-shop.

At the same time, inspections made by Tax Inspectorate and Fireman Department are considered to be the most justified. On the contrary, visits made by the Police are seen as the least justified.

When speaking about business closing procedures, 6% of the respondents already closed a business, while 4% were in the process of closing a business. The majority of those who had such an experience think it is a difficult process. The average score the easiness of business closing process was given is 1.92 points out of 5. Without taking into consideration the particularities of specific businesses, the average length of a closing procedure is 12 month, the average expenses are nearly 6.8 thousands Lei and up to 16 documents are required to complete it.

Sources of information about Economic reforms and Public institutions services. The fact of getting sufficient information was assessed with 3.19 out of 5 points, while the quality of the information presented by media on economic reforms was rated with a lower score (3.06 points) and its clarity with an average score of 3.09 points. It is worth mentioning that urban dwellers are more satisfied with the quantity of information on economic reforms provided in mass-media (3.27 as compared to 3.12 points in the rural area). Similarly, economically active respondents are have a higher level of satisfaction than those economically inactive (3.33 vs. 3.07 points).

Main sources of information regarding the activity of the public institutions are TV, Radio and Internet. Overall, people that are aware of the economic reforms use more frequently all media-sources. It is also worth mentioning that these respondents are more likely to use Internet as source of information.

There are two opinion leaders who people trust mostly in terms of economic information presented: Lorena Bogza and Mircea Surdu. These two showmen represent the two TV channels - ProTV and Moldova 1 - which are followed by two different types of TV viewers. On the other hand, Prime is considered to offer the most trustworthy information by 49% of the interviewees, followed by TVM, ProTV, Publika TV and Jurnal TV. It is important to note that Jurnal TV is mainly appreciated by those who are aware of the reforms (49% vs. 25% who are not). The newspaper most likely to be seen as trustworthy is Timpul (20%), followed at a distance of 3 percentage points by Adevarul (17%). From the listed public institutions, *Ministry of Economics*, *Customs Service* and *Ministry of Finance* were the most followed in mass-media sources, with 41%, 37% and respectively 36% of the General Public recalling to have seen/watched/heard about them. On the other hand enterprises are particularly attentive to the information regarding tax area, 76% receiving information about Tax Inspectorate during the last three months.

When speaking about sources of information for the private sector, most of them get informed about public institutions services when surfing the institution webpage (53%) or when reading specialized magazines (44%). The institutions webpage also represents the

main source of information when it comes to find out specific procedures regarding the Customs Service, Tax Inspectorate and Chamber of Licensing or Chamber of State Registration. Overall, internet is considered to be by far the most informative source. According to the responses of the enterprise interviewees, information regarding trade area comes mainly from TV and Internet (30% and 29%), but 38% are not particularly interested in it. As for the tax area, Internet is the most important source of information, followed by TV and specialized magazines and newspapers. Business regulation area follow the same pattern.

Expectations regarding Economic Reforms. 59% of respondents asserted that Trade Area is the field that needs to be reformed, 24% of them declaring that this area should be reformed first of all. Regarding the expectations related to future reforms, the main expectation of the General public respondents regarding the Trade Environment is that more companies to be able to export/import goods (27%). On the other hand, the price reduction for imported goods (25%) and simplification of the moving goods process (23%) are the main expectations related to Customs area). As far as it concerns the Tax reform in Republic of Moldova, 41% of respondents expect that it will lead to the Reduction of the income tax firstly, while 36% of the interviewees mentioned that their first and foremost expectation regarding Business reform is to have the possibility of launching a business easier.

When speaking about private sector expectations, the respondents are ready to support, first of all, the reforms that would lead to *the improvement of the cooperation between tax payers and Tax Service and the creation of an individual regulatory framework for major investment projects.*

Introduction

This report is based on the research conducted by *Magenta Consulting* for the BRITE Program.

i.1 Background

To support its strategic communications efforts, as well as its monitoring and evaluation program, BRITE is seeking a local partner to perform both qualitative and quantitative studies of perceptions, attitudes, and practices in BRITE's focus areas, namely administering and paying taxes, facilitating the movement of goods across borders, and regulatory reforms. The BRITE project has four overarching objectives in undertaking this study:

- To inform the project's stakeholder mapping and analysis processes by identifying key stakeholders and stakeholder groups and providing insights into stakeholders' knowledge, attitude, and beliefs on BRITE's focus areas. This will include increased understanding of public perceptions of the Government of Moldova;
- To explore barriers to and opportunities for implementation;
- To establish a quantitative baseline for the project's monitoring and evaluation efforts, specifically for each indicator, to measure progress toward proposed targets;
- To inform the project's development and implementation of a national-level strategic communications plan on government reforms.

i.2 Objectives of the research

The following objectives refer to two segments of respondents in the research:

i.2.1 General Public Survey objectives

Objective 1: To gain an in-depth understanding of the **general public's** opinion of the Government of Moldova's economic reform process;

Objective 2: To learn the **general public's** practices in using Government of Moldova services, including the State Tax Service, Customs Service, and other government agencies, as relevant;

Objective 3: To learn the **general public's** perceptions of relevant GOM institutions, including State Tax Service, Customs Service, and other government agencies;

In addition the objectives above, the project seeks to establish a quantitative baseline for the following mandatory indicators, as part of its performance monitoring and evaluation efforts.

- Percentage of **general public** who can accurately identify one of more reforms that have been achieved with USAID assistance.

i.2.2 Private Sector Survey objectives

Objective 1: To gain an in-depth understanding of the **private sector's** opinion of the Government of Moldova's economic reform process;

Objective 2: To gain an in-depth understanding of the **private sector's** perceptions and practices in public-private dialogue;

Objective 3: To learn the **private sector's** practices in using Government of Moldova services, including the State Tax Service, Customs Service, and other government agencies, as relevant;

Objective 4: To learn the **private sector's** perceptions of relevant GOM institutions, including State Tax Service, Customs Service, and other government agencies;

i.2.3 Delphi study objectives

The Delphi research was used in order to present relevant information regarding the time/cost for moving goods across borders. There were carried out 7 interviews in order to get an understanding of the time and costs needed for particular categories of goods and categories of destinations.

i.3 Applied methodology

1.3.1 GENERAL PUBLIC SURVEY METHODOLOGY

In order to reach the objectives, an Incidence Survey was conducted based on a sample of 1.139 respondents in about 60 urban and rural localities, thus assuring the nationwide coverage of the research. This survey aims to analyze the level of awareness regarding the economic reforms and the level of perception and understanding of the economic development of the country in general. Also, to ensure the representativeness of the data on specific topics, there were conducted a Booster Survey. The main goal of the Booster Survey was to complete the sub-sampling of the respondents who know information about the implemented reforms. As a result, additionally were collected 486 questionnaires according to the preset criteria.

1.3.1.1 INTERVIEWING THE POPULATION. SAMPLING PLAN

Incidence Survey

Quantitative data was collected via 1139 interviews conducted with general population on the entire territory of the republic, except Transnistria. This number of interviews assures a $\pm 2.9\%$ error margin, with a 95% level of trust. Data have been collected in the following time period: 23.11.2012 – 07.12.2012.

The source of data for sampling is the National Bureau of Statistics of the Republic of Moldova. Characteristics of applied sample: systematic probabilistic sampling. No quotas have been applied.

Firstly, groups of regions were formed and the communities within the groups in which interviews have been carried out were determined via random extraction, thus all the communities were offered the likelihood to participate in the research. Moreover, the number of interviews conducted in every unit depended on the number of inhabitants and the number of communities (based on dimensions) for every group.

The multistage randomization was applied considering Group of Rayons, households and respondents. Three randomization stages were applied:

1. Locality – selected randomly for each stratum as described above and using a table of random numbers;
2. Household – in each locality, based on streets routes are designed depending on number of interviews per locality. Household selection was based on a statistical step and methodology using random route technique;
3. Person/respondent – “last birthday rule” was applied when selecting the respondent.

Booster Survey

For Booster Survey was preset a minimum of 700 interviews with people that are informed about economic reforms that took place during last 3 years. The criteria for considering people informed about reforms were set as follows: 1. The respondent had to name at least one reform that took place during last three years and 2. The respondent had to recall at least 3 reforms from the listed ones. This number of interviews assures a $\pm 3.7\%$ error margin, with a 95% level of trust. Data have been collected in the following time period: 10.12.2012 – 27.12.2012.

The respondents were selected according to the quotas established as a result of the Incidence Survey.

1.3.1.2 QUESTIONNAIRE

Questionnaires used are characterized as complex ones, containing both open-ended and closed-ended questions. The questionnaire was developed by *Magenta Consulting* research team, in close collaboration with the beneficiary, according to the set research objectives.

The questionnaire was presented in both Russian and Romanian language, the interview being conducted in the language preferred by the respondent.

1.3.1.3 PILOT RESEARCH

The pilot research is aiming to validate the questionnaires. Thus, pre-testing the questionnaire on a sample of 10 respondents, from both rural and urban areas, 8 - in Romanian and 2 - in Russian, had the goal to validate the questionnaire.

1.3.1.4 INTERVIEWING AND DATA QUALITY

The interviews were conducted by the operator team/-s of *Magenta Consulting*, which participated in numerous similar projects. At the beginning of the project, the team was trained on the subject of the study, its objectives and subsequent data analysis method. However, in order to ensure data quality, 40% of the questionnaires were checked by phone. The questions asked during the assessment process were randomly chosen from the questionnaire.

1.3.1.5 DATA ANALYSIS

Data interpretation was conducted with the help of a specialized software program – SPSS 18, with descriptive and multi-criteria statistical interpretation. Each field of interest was analyzed depending on the sample characteristics (demographic data).

The questionnaires were processed by being scanned with the support of specialized recognition software, therefore excluding human error in creating the database.

1.3.1.6 SAMPLE CHARACTERISTICS

The interviews were conducted face-to-face, by a team of interview operators, based on a structured questionnaire. All operators were specifically trained for this project, and the questionnaires have been pre-tested. Interviews were conducted in households. Segmentation of the sample in terms of region and area of residence (rural/ urban) was done according to the National Statistics. The other characteristics of the sample were not predetermined. Before carrying out the data analysis the Sample was adjusted to the National Statistics through weighting cases on gender and age of the respondents.

Table i.1: General Sample, N=1139, %

		Unweighted		Weighted	
		N	Column %	N	%
Area	Rural	610	54	604	53
	Urban	529	46	535	47
Region	North	346	30	343	30
	Center	594	52	596	52
	South	199	17	200	18
Gender	Male	497	44	538	47
	Female	642	56	601	53
Age	18-24	175	15	184	16
	25-34	233	20	251	22
	34-44	170	15	190	17
	45-57 Female/62 Male	300	26	304	27
	Other 57 Female/62 Male	261	23	210	18
Average age		1139	44.5	1139	43.0
Employment	Full-time employee	366	32	386	34
	Part-time employee	72	6	75	7
	Business man	29	3	31	3
	Serviceman	1	0	1	0
	Economically Active	468	41	493	43
	Student	105	9	110	10
	Housewife/ Housekeeper	72	6	73	6
	Retired	273	24	229	20
	Do not work/ Unemployed	220	19	234	21
Economically Inactive		565	50	535	47
Education	Primary school	54	5	48	4
	Secondary school	152	13	145	13
	High school	197	17	202	18
	Vocational school	352	31	353	31
	Bachelor Degree	174	15	180	16
	Master Degree	176	15	179	16
	Postgraduate	14	1	14	1
	Don't know/ Refuse to answer	20	2	19	2
Income	Less than 1000 MDL	194	17	182	16
	Between 1001 and 1500 MDL	168	15	157	14
	Between 1501 and 2000 MDL	115	10	117	10
	Between 2001 and 2500 MDL	85	7	87	8
	Between 2051 and 3000 MDL	84	7	85	7
	Between 3001 and 4000 MDL	95	8	99	9
	Between 4001 and 5000 MDL	59	5	61	5
	Between 5001 and 6000 MDL	27	2	28	2
	Between 6001 and 8000 MDL	22	2	23	2
	More than 8000 MDL	21	2	23	2
	Don't know/ Refuse to answer	269	24	277	24

Table i.2: Booster Sample, Count

			Age					Total
			18-24	25-34	34-44	45-57F/62M	Other 57F/62M	
Gender	Male	Economically Active	18	65	42	61	3	189
		Economically Inactive	19	13	9	13	6	60
	Female	Economically Active	11	61	43	45	8	168
		Economically Inactive	29	16	4	9	11	69
Total			77	155	98	128	28	486

1.3.2 PRIVATE SECTOR SURVEY METHODOLOGY

A survey through face-to-face interviews was carried out, based on a structured questionnaire combining both close and open questions. The data were collected from the top-managers, economists and accountants. The quantitative data were collected via 400 interviews in all regions of Moldova. The sample of 408 respondents (enterprises) guarantees a $\pm 5\%$ error margin and a 95% confidence probability. The stratification of the sample has been done according to the statistical data offered by the National Bureau of Statistics of Republic of Moldova. For this scope information concerning the number of employees (territorial factor taken into consideration) types of activity and types of enterprises.

1.3.2.1 INTERVIEWING THE ENTERPRISES REPRESENTATIVES. SAMPLING PLAN

Quantitative data was collected via 408 interviews conducted with top-managers, economists and accountants on the entire territory of the republic, except Transnistria. This number of interviews assures a $\pm 5\%$ error margin, with a 95% level of trust. Data have been collected in the following time period: 11.12.2012 – 04.01.2013.

The source of data for sampling is the National Bureau of Statistics of the Republic of Moldova. Characteristics of applied sample: systematic non-probabilistic sampling. No quotas have been applied.

1.3.2.2 QUESTIONNAIRE

Questionnaires used are characterized as complex ones, containing both open-ended and closed-ended questions. The questionnaire was developed by *Magenta Consulting* research team, in close collaboration with the beneficiary, according to the set research objectives.

The questionnaire was presented in both Russian and Romanian language, the interview being conducted in the language preferred by the respondent.

1.3.2.3 PILOT RESEARCH

The pilot research is aiming to validate the questionnaires. Thus, pre-testing the questionnaire on a sample of 9 respondents, from both rural and urban areas, 7 - in Romanian and 2 - in Russian, had the goal to validate the questionnaire.

1.3.2.4 INTERVIEWING AND DATA QUALITY

The interviews were conducted by the operator team/-s of *Magenta Consulting*, which participated in numerous similar projects. At the beginning of the project, the team was trained on the subject of the study, its objectives and subsequent data analysis method. However, in order to ensure data quality, 40% of the questionnaires were checked by phone. The questions asked during the assessment process were randomly chosen from the questionnaire.

1.3.2.5 DATA ANALYSIS

Data interpretation was conducted with the help of a specialized software program – SPSS 18, with descriptive and multi-criteria statistical interpretation. Each field of interest was analyzed depending on the sample characteristics (demographic data).

The questionnaires were processed by being scanned with the support of specialized recognition software, therefore excluding human error in creating the database.

1.3.2.6 SAMPLE CHARACTERISTICS

The interviews were conducted face-to-face, by a team of interview operators, based on a structured questionnaire. All operators were specifically trained for this project, and the questionnaires have been pre-tested. Interviews were conducted via face-to-face interviews and, in specific cases, by telephone. Segmentation of the sample in terms of region, size and main field of activity was done according to the National Statistics. The other characteristics of the sample were not predetermined.

Table i.3: General Sample, N=408, %

		Count	Column N%
Total		408	100
Area	Chisinau	289	71
	Other urban localities	92	23
	Rural localities	27	7
Region	North	43	11
	Center	345	85
	South	20	5
Enterprise size	Micro (1-9 employees)	227	56
	Small (10-49 employees)	140	34
	Medium (50-249 employees)	38	9
	Large (more than 249 employees)	3	1
Ownership	Private	362	89
	Mixed ownership (public and private)	20	5
	Mixed ownership with foreign investment	15	4
	Foreign (100% foreign ownership)	11	3
Main Field of Activity	Agriculture, hunting and forestry	24	6
	Mining and quarrying industry	1	0
	Manufacturing industry	54	13
	Electric and thermal energy, gas and water distribution	2	0
	Construction (Civil engineering)	33	8
	Retail and wholesale trade, repairing of motor vehicles and houses	139	34
	Hotels and restaurants	23	6
	Transport and communication	28	7
	Financial activities	5	1
	Real estate activities	13	3
	Education	3	1
	Health and social work	37	9
	Other service activities	46	11

1.3.3 DELPHI STUDY METHODOLOGY

The Delphi method is a structured communication technique, originally developed as a systematic, interactive forecasting method which relies on a panel of experts. The experts answer questionnaires in two or more rounds. After each round, a facilitator provides an anonymous summary of the experts' forecasts from the previous round as well as the reasons they have provided for their judgments. Thus, the experts are encouraged to revise their earlier answers in the light of replies of the other members of their panel.

1.3.3.1 FIRST ROUND OF INTERVIEWS

The experts' panel consisted of 7 respondents, representatives of stakeholders (exporters, importers, transporters, Customs Brokers and representatives of the Customs Service*). At the first stage of the Delphi Study, experts will identify the stages of moving goods across borders that are the most difficult to encounter from the perspective of their own experience. Also using

the questionnaire presented in subchapter 1.3, respondents will explain why they think one or another clearance procedure is difficult/ easy to undertake.

1.3.3.2 NEXT ROUNDS OF INTERVIEWS

During the second round, and subsequent ones, the same experts will analyze the data at an optimal time and cost of the transported goods, which have been obtained in the first round of Delphi study. They will express their agreement or disagreement regarding the outlines of the previous round of the interviews. They will also motivate their answers and this will help to identify the critical stages of the import/export process during which most frequent delays in delivering services to the client (importer or exporter of goods) take place. Also, they will try to identify the main reasons for those delays. The deliverable for the second round of interviews can be a new outline that will be used in the next round of the interviews, or a preliminary report on Delphi Study if the opinion on the summary of the first round is unanimous.

The current study was carried in two rounds. At first stage were identified opinions of the interviewed experts regarding interaction with Customs Service. The second round provided as output an aggregated opinion on most critical issues related to Customs Service.

1.3.3.3 STRUCTURE OF THE EXPERTS PANEL

The structure of the experts' panel was designed in collaboration with the client. As a result, the number of participants in the study was reduced from 10 to 7 experts. The following structure of the panel will be used in order to narrow the scope to two sectors (public and private) and to provide more useful information to the project.

1. Two importers of food and beverages;
2. Two exporters of textile fabrics;
3. One representative of the transport companies;
4. One representative of the Customs Service*;
5. One Customs Broker.

i.4 Limits and difficulties

No major obstacles were encountered during the realization of this study. However, due to the fact that Customs service did not deliver the questionnaires in reasonable timeframes, their opinion was not included in this report.

Chapter I: Awareness of Economic Reforms

The first chapter reflects information regarding awareness of the economic reforms among general public and private sector representatives. It also presents information on the acceptance of particular reforms and opinion about successes and failures of the Government.

1.1 General Public Survey Results

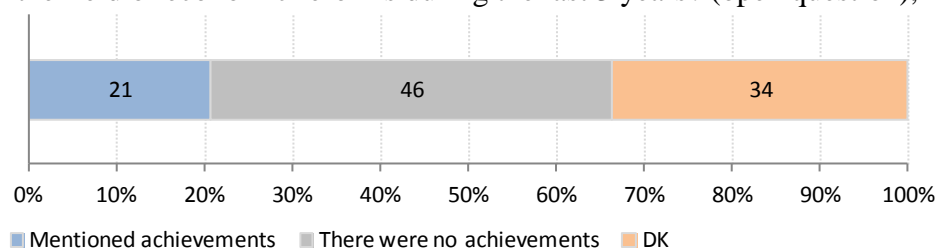
One fifth of the total sample managed to recall some achievements of the Government in the field of economic reforms during the last 3 years. 46% considered that there were no achievements and 34% did not have an opinion. It is worth mentioning that respondents from the central region were more positive regarding Government activity. As for the Southern region, here the population had the least favorable idea of the work done by the Governmental (55% considered that there no achievements as compared to 42-44 in the other regions). Again, it seems that southerners were more eager to assess Governmental success as compared to other regions (share of those who preferred not to answer this question sums up to 41% in the Northern region and 32% in the central region, while in the South it is 28%).

It is also interesting to mention that urban dwellers seem to be more positive regarding the governmental work than rural population (25% of urban respondents could recall governmental achievements as compared to 17% in the rural area).

While young people seem not to follow up on the information regarding governmental work, (49% could not answer the question), most positive were those aged 25-34 years old - 25% of them answered affirmatively. Those who are economically active could also recall to a greater extent governmental successes (26% as compared to 17% in case of economically inactive population).

Another interesting trend refers to the level of education. Thus, people with higher level of education are more positive regarding the governmental work (share of those who could recall governmental achievements is equal to 32-37% among people with bachelors degree and masters degree, while it sums up to 11-18% in the rest of the segments).

Figure 1.1: Question 1: In your opinion, what are the major achievements of the Government in the field of economic reforms during the last 3 years? (open question), N=1139, %

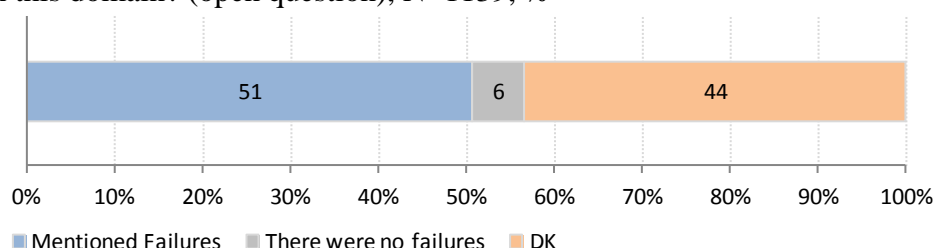


The main achievements pointed out by the respondents relate to the salary increase and its payment in due time (56% of those who think achievements were made in the economic field have mentioned this issue). It's also worth mentioning that 48% of the participants stated as achievements the investments made by the government and local authorities in the road infrastructure and public services (sewerage, sanitation system, public transport etc.). Other frequently mentioned achievements were related to: Increase of the export (especially wine exports to the Russian Federation) (32%), improvement of the relations with EU and neighbors countries (28%), development and implementation of electronic services (26%).

It is important to remark that as compared to number of people who could list any achievements, the share of those who mentioned Governmental failures is larger – 51%. While 46% could not list any achievements, –6% of the respondents considered that there were no failures in Government activity.

When analyzing various factors influencing the opinion of the respondent, one may observe that most willing to recall governmental failures were the representatives of the southern region (59% as compared to 46-50 in the other regions), rural dwellers (54% as compared to 46% in case of urban area). It is worth mentioning that while young people aged 25-34 years old could recall more often governmental achievements, they also could remember failures more often. This lead to the conclusion that they are more informed rather than more optimistic. The same may be noticed in case of economically active population and for those with higher level of education.

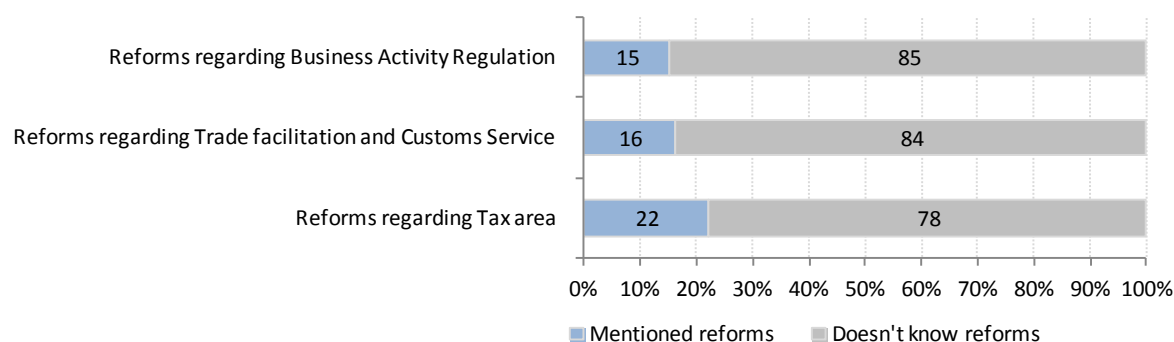
Figure 1.2: Question 1: And which are, in your opinion, the main failures of the Government in this domain? (open question), N=1139, %



The majority of the respondents reporting failures specified aspects related to price and taxes increase (66%). Despite the fact that on time salary payment and its relative increase were mentioned as the main achievements, 59% of the respondents found the salary quantum as insufficient. Other frequently mentioned failures were: high rate of unemployment and insufficient job opportunities (44%), failures on the political arena (28%), economic instability (17%), corruption increase (16%) and price increase for the energetic resources (natural gas, oil) (15%).

It looks like people are more aware of the reforms in the Tax area – 22% managed to mention some reforms, while in case of Business Activity Regulations and Trade Facilitation and Customs Service, the share of those who could remember any reforms does not exceed 16%. As one may expect that economically active and, specifically businessmen, to be most knowledgeable of all three types of reforms. It is interesting that both active and inactive population seem more interested in Tax area reforms. Urban population is more informed about the reforms; this is also the case of people higher levels of education and people belonging to the age group 25-34.

Figure 1.3: Question 2: Please specify, about what reforms implemented by the Government, you have heard during last three years in the following economic areas? (open question), N=1139, %



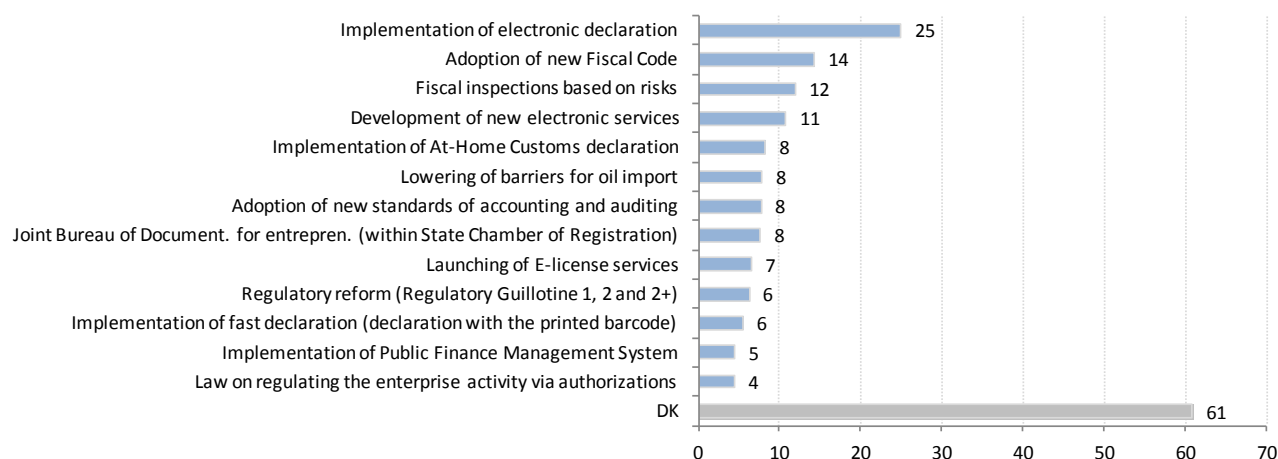
When referring to Business Regulations reforms implemented, actions related to simplification of the business launching (21%) and business registration procedures (12%) were the most likely to be reported. These are followed by offering preferential laws and grants for launching a business (11%), One Stop-Office (10%) and E-Licensing (9%) implementation.

On the other hand, in the Tax area the reforms most likely to be mentioned are: implementation of the Electronic reporting system (51%), increase of taxes (24%), adoption of a new Fiscal Code (20%) and reform of the Fiscal System (18%).

Also, the main reforms respondents recalled about the activity of Trade and Customs Service were the facilitation of the import and export activities (18%). It's also worth mentioning that respondents pointed out the streamlining of the National Border crossing (16%) as related to the Customs Area, meanwhile this reform is mainly regarding the activity of the Border Police. 12% of the respondents recalled the implementation of At-Home Customs declaration.

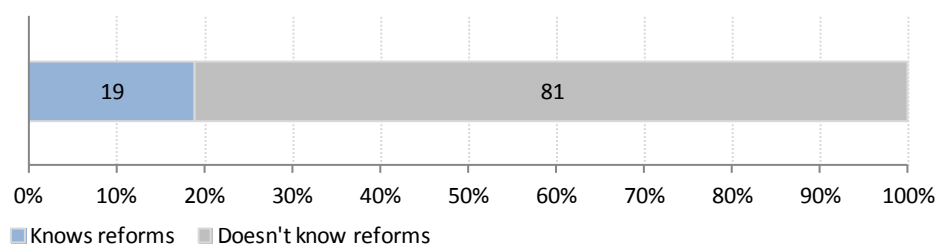
Implementation of the electronic declaration was the reform which was recalled by every fourth respondent, being followed by adoption of new Fiscal Code (14%), Fiscal inspections based on risks (12%), development of new electronic services (11%).

Figure 1.4: Question 3: Now, please, tell me, which of these reforms are you aware of/ have you heard about? (multiple choice question), N=1139, %



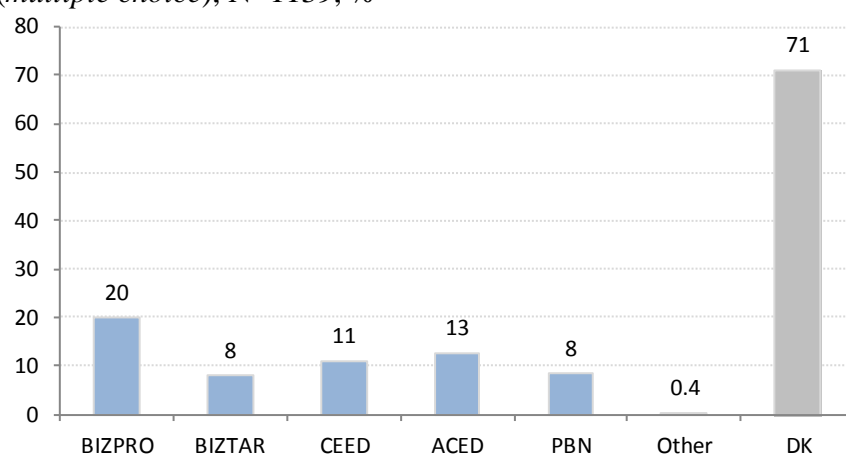
When putting together the responses obtained in the previous two questions (spontaneous and prompted) regarding awareness of the reforms it can be stated that 19% of the respondents are aware of the economic reforms, according to the preset criteria. According to the preset criteria a respondent was considered aware of the economic reforms if he/she could mention at least one reform at question 2 and recalled at least three reforms listed at question 3.

Figure 1.5: Share of population aware of the reforms, N=1139, %



Respondents are most aware of BIZPRO USAID project, which is followed by ACED and CEED. Again, it is businessmen who are most knowledgeable about the reforms. As for remaining trends, they are repeating again, being influenced by the main factor – the level of respondents' awareness.

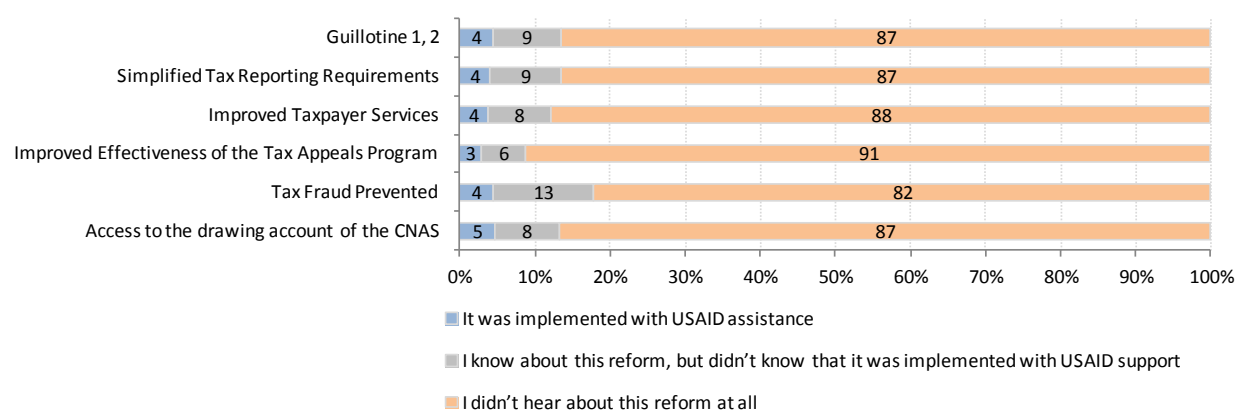
Figure 1.6: Question 5: Have you ever heard about any of the following *USAID projects?* (multiple choice), N=1139, %



Incidence baseline:

It may be observed that the level of being kept informed among general public is quite low – only few heard about the reforms and, even knowing about the reform, they were not sure who was its promoter. "Tax Fraud prevention" seems to be the most known reform – 17% heard about it. Still, share of population aware of the fact that these reforms were initiated by USAID does not exceed 5%. **11% of the respondents knew that at least one of these reforms was implemented with USAID support.**

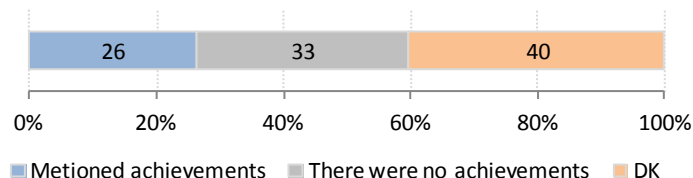
Figure 1.7: Question 6: As far as you know, which of the following reforms were implemented with the financial support of the *USAID projects?* (single answer per row), N=1139, %



1.2 Private Sector Results

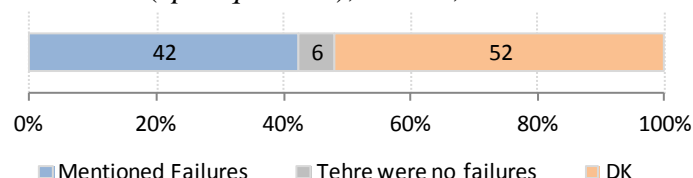
In case of enterprises, share of those respondents who were able to mention some achievements summed up to 26%, while one third considered that there were no achievements and 40% could not answer the question. It is interesting to remark that as compared to the general public survey results, private sector representatives refused more often to answer the question.

Figure 1.8: Question 3: In your opinion, what are the major achievements of the Government in the field of economic reforms during the last 3 years? (*open question*), N=408, %



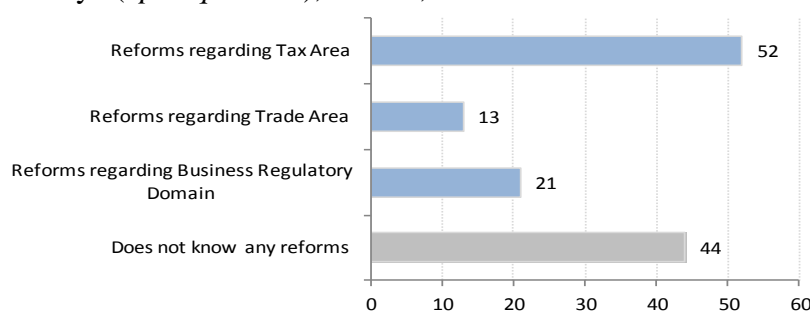
More than half of the sample could not answer the question regarding Governmental failures. Minority considered that there were no failures.

Figure 1.9: Question 3: Also, how do you think, which are the main failures of the Government in this area? (*open question*), N=408, %



Half of the sample could remember to have heard about reforms regarding the Tax area, while 21% - recalled reforms regarding Business Regulations Area and 13% - Reforms regarding Trade Area. 44% stated they did not know any reforms.

Figure 1.10: Question 1. Please specify about what reforms implemented by the Government you have heard during the last three years in following economic fields: Tax, Trade and Business Activity Regulations or reforms that have influenced these areas of economic activity? (*open question*), N=408, %



The majority of the companies' representatives mentioned the implementation of the electronic declaration (43% of them are aware of the reforms in this field) and the annulment of the 0% quota of tax income (40%) as reforms in the Tax area.

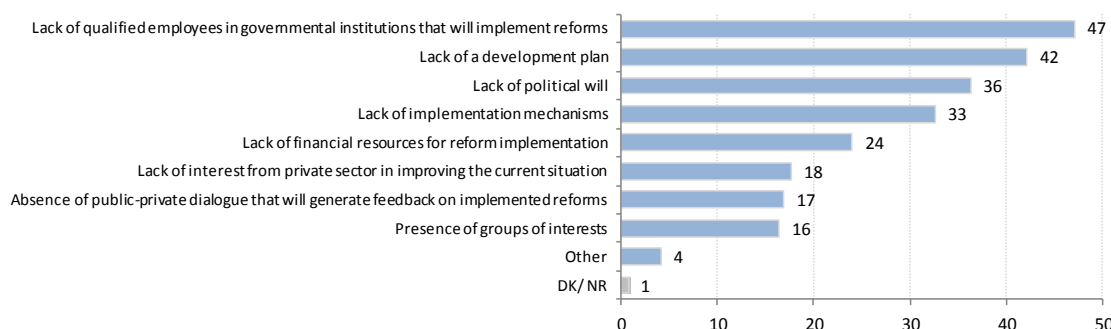
The most frequently reported reforms related to Trade and Customs service are the streamline of the import (14%) and export (8%) procedures, import tax reduction (14%) and implementation of the At-Home Customs declaration (10%).

On the other hand, streamline of the business launching procedure (23%) is the reform most likely to be known in the Business Regulatory field. Other mentioned Business Regulation

reforms were: launching of the One-stop-shop (13%) and implementation of the online reporting system (9%).

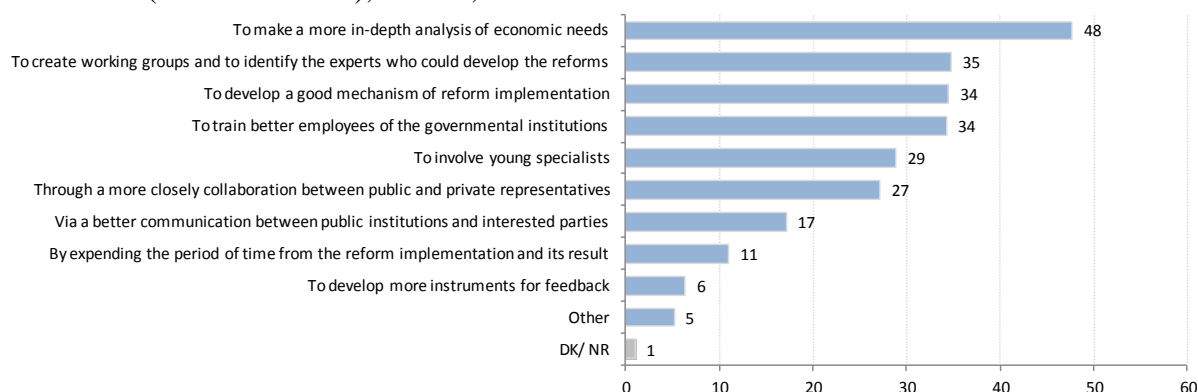
In the opinion of private sector representatives, the main barrier which hinders successful implementation of the reforms is lack of qualified personnel to implement the reforms – 47%, followed by lack of an implementation plan and lack of political will. Lack of implementation mechanisms was considered to be a barrier by 33% of the respondents.

Figure 1.11: Question 4: How do you think, what are the barriers which hinder successful implementation of the reforms? (max. 3 answers), N=408, %



To assure successful implementation of the reforms a deeper analysis of economic needs is required to be carried out. It is also necessary to create working groups and identify the experts who could develop these reforms. There also is a need for developing a good mechanism of reform implementation and offer better training opportunities to civil servants employed in governmental institutions.

Figure 1.12: Question 5: What can be done in order to assure a successful implementation of the reforms? (max. 3 answers), N=408, %



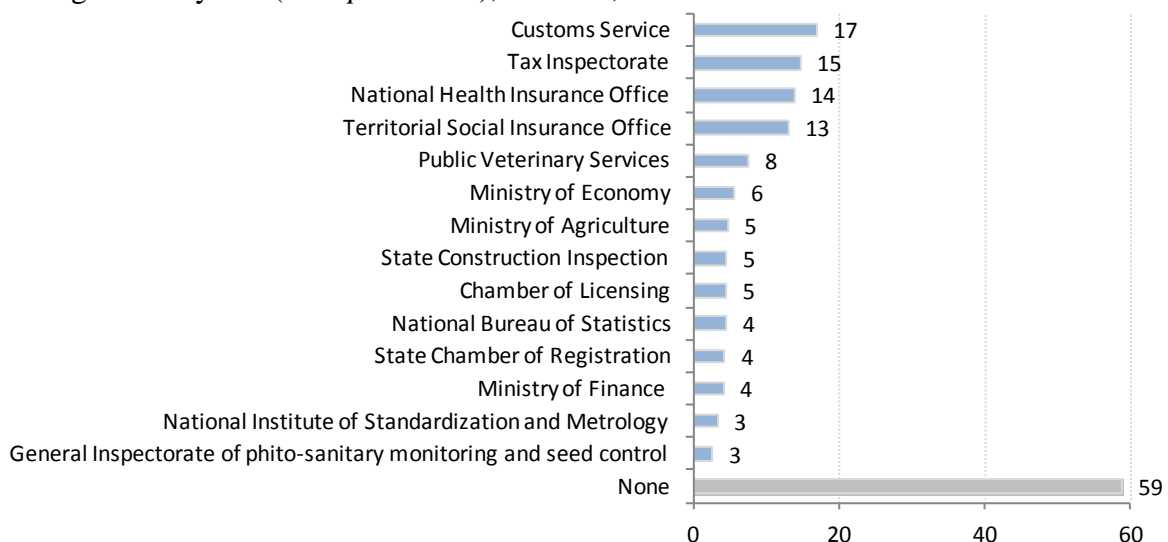
Chapter 2: Attitude and Perception of Public Institutions

The second chapter reflects information regarding interaction with and attitudes towards public institutions among general public and private sector representatives. It also presents information regarding perception of the services provided by public institutions.

2.1 General Public Survey Results

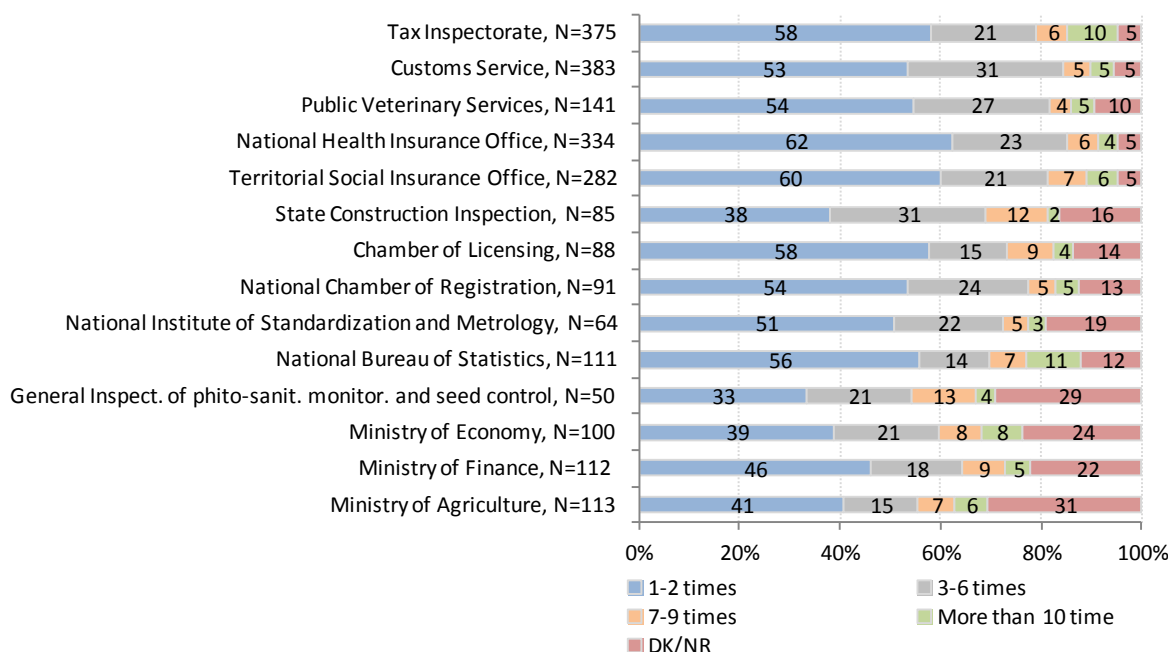
Customs Service, Tax Inspectorate, National Health Insurance Office and Social Insurance Office are the 4 public institutions more frequently addressed by the respondents. There are more people who addressed one or other public institution among those who know about economic reforms. Economically inactive population seems to have fewer occasions to get in touch with public authorities. It is interesting to note that there is also a correlation between the level of income and the fact of accessing the mentioned public institutions.

Figure 2.1: Question 16.1: Which of the following institutions from the card did you contact during the last year? (*multiple choice*), N=1139, %



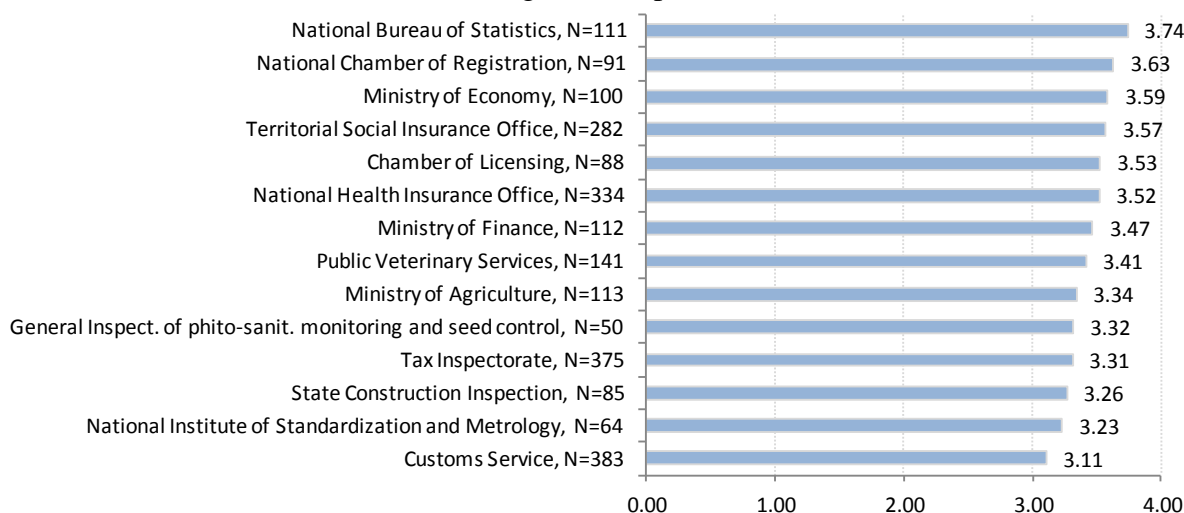
It looks like the institutions where the clients address most often are: National Bureau of Statistics (18% contacted it 7 times and more), followed by General Inspection of phyto-sanitary monitoring and seed control (17%), Tax Inspectorate (16%) and Ministry of Economy (16%).

Figure 2.2: Question 16.2: How many times did you contact the following public institutions?, %



According to the public opinion, National Bureau of Statistics is less corrupt than other institutions. Thus, it acquired an average score of 3.74 out of 5 points and is followed by National Chamber of Registration (3.63 out of 5 p.), there is no big gap between the following institutions. The rating is closed by Customs Service which acquired an average score of 3.11 out of 5 p.

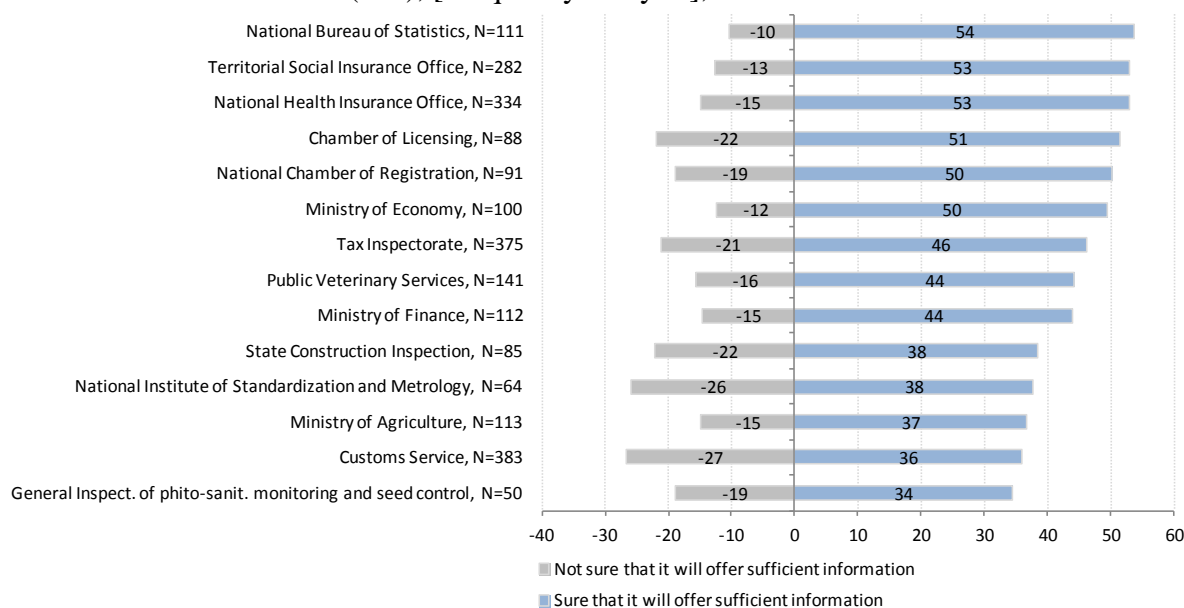
Figure 2.3: Question 17: How sure are you that the following public institutions will provide you with any information you need regarding its services on a scale from 1 to 5, where 1 is “not sure at all” and 5 is “absolutely sure” without the necessity for you to provide any financial incentives to the officials? (rate), [Average score], points



Again, Customs Service, followed by National Institute of Standardization and Metrology, are the two institutions which arouse doubts among representatives of general public regarding the willingness of the officials working in these institutions to provide the necessary services and/or information without the necessity to offer them financial incentives. The most upright are the following institutions in the perception of the respondents: National Bureau of Statistics, Territorial Social Insurance Office and National Health Insurance Office.

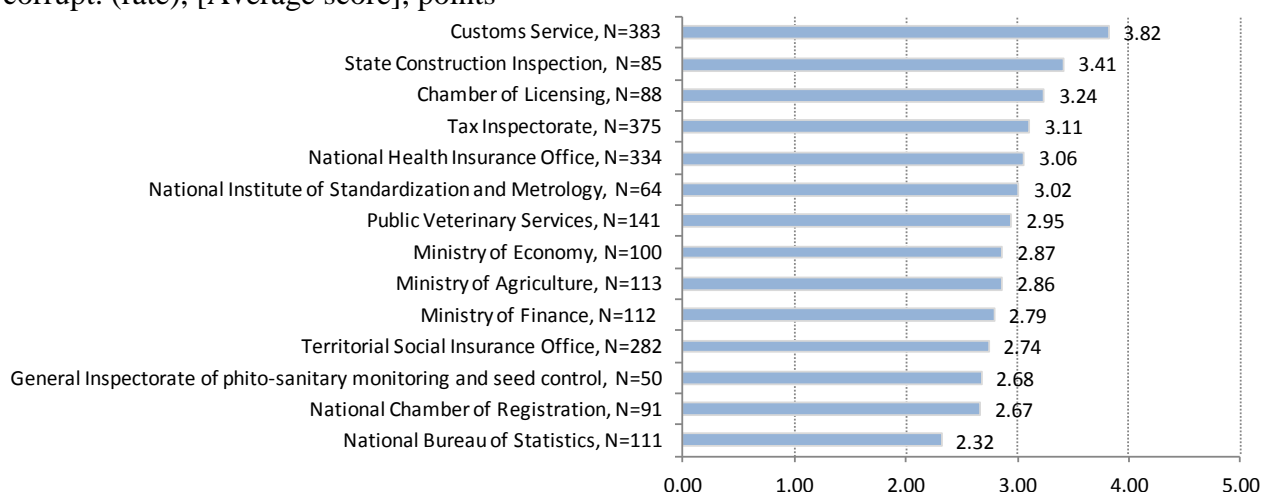
Figure 2.4: Question 17: How sure are you that the following public institutions will provide you with any information you need regarding its services on a scale from 1 to 5, where 1 is “not

sure at all” and 5 is “absolutely sure” without the necessity for you to provide any financial incentives to the officials? (rate), [Frequency analysis], %



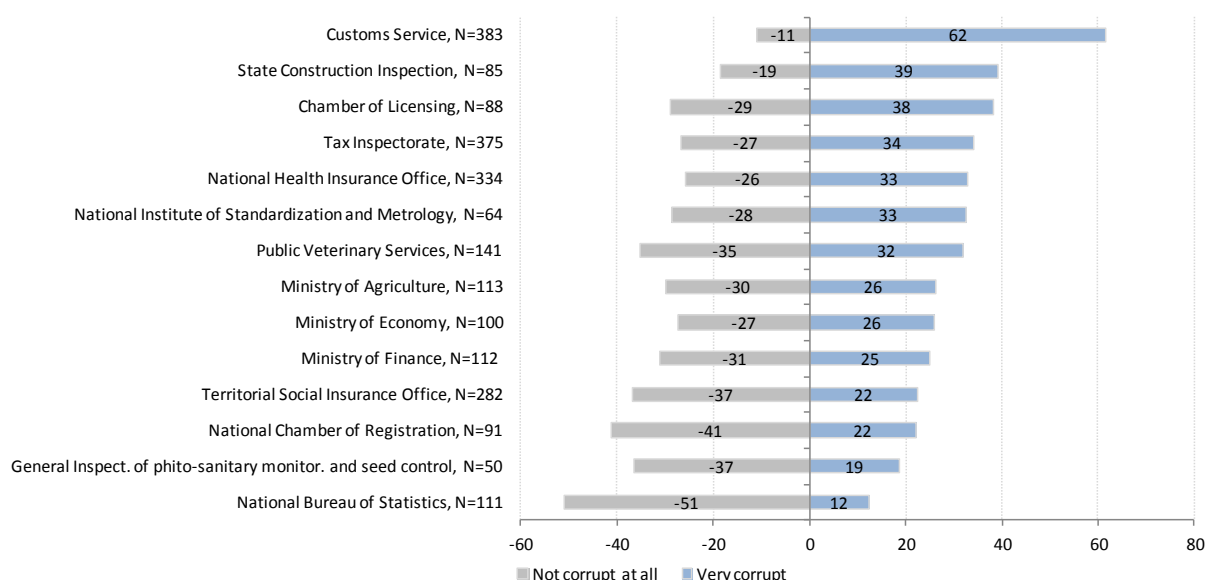
Again Customs Service is perceived to be the most corrupt by the population. It is followed by the state Construction Inspection, Chamber of Licensing, Tax Inspectorate. National Bureau of Statistics has been rated as the most unlikely to be corrupt (2.32).

Figure 2.5: Question 18: As far as you know, which of the following governmental institutions are the most corrupt? Please assess on a scale from 1 to 5, were 1 – not corrupt at all, 5 – totally corrupt. (rate), [Average score], points



The same situation is observed when analyzing polarized answers. Customs Service again is perceived as the most corrupt as opposed to National Bureau of Statistics.

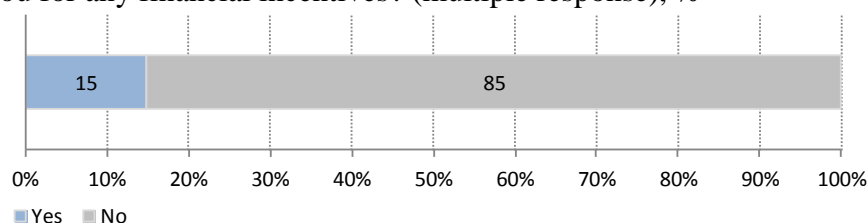
Figure 2.6: Question 18: As far as you know, which of the following governmental institutions are the most corrupt? Please assess on a scale from 1 to 5, were 1 – not corrupt at all, 5 – totally corrupt. (rate), [Frequency analysis], %



The majority of the respondents stated they had never bribed and have never been asked for an additional unofficial payment by a governmental institution official. It is worth noting that urban population has encountered this more often than rural population – 20% as compared to 10%. Economically active respondents have also faced this issue more often than inactive population (25% as compared to 7%). It is interesting to mention that among respondents with to a higher level of education corresponding to a higher income level, there is the highest share of those who faced corruption. Still, it would be incorrect to make the conclusion that people with higher level of education are more willing to bribe or the wealthier the person is, the more inclined he/she is to offer an unofficial payment. These factors are related to the economically active status of the respondent who therefore has higher income, or vice-a-versa - by getting a degree he/she has become economically active and thus has to deal more often with the system.

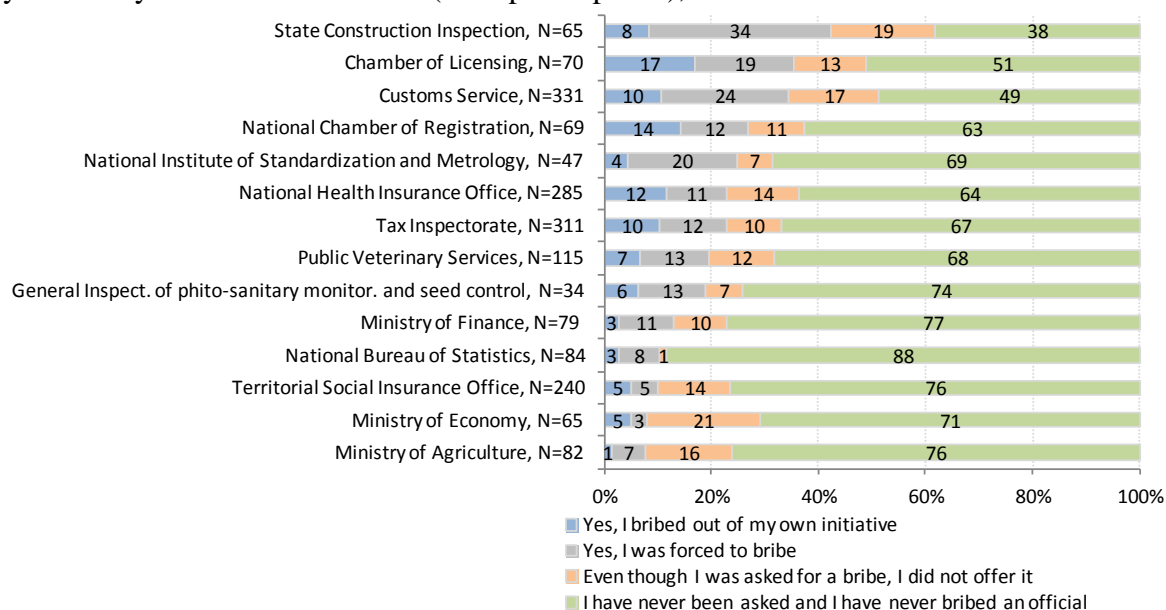
There are several institutions which are considered as most upright – National Bureau of Statistics (88% mentioned that they neither proposed nor were asked to give a bribe), Ministry of Finance (77%), Ministry of Agriculture and Territorial Social Insurance Office (76%). As opposed to them there are several institutions whose officials extort bribes – State Construction Inspection (34%), Customs Service (24%), National Institute of Standardization and Metrology (20%).

Figure 2.8: Question 19: Could you tell which of the following institutions' employees asked you for any financial incentives? (multiple response), %



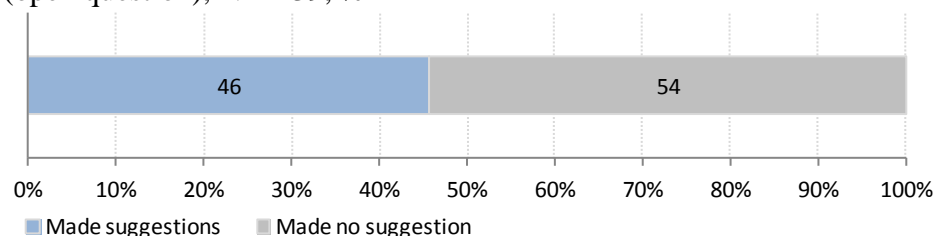
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Figure 2.8: Question 19: Could you tell which of the following institutions' employees asked you for any financial incentives? (multiple response), %



46% of respondents suggested some ideas regarding the ways public institutions could improve their services. It is interesting that more suggestions came from people who are not aware of the reforms (50% as compared to 38%), from those who are economically inactive (54% as compared to 40%), and those who have lower levels of education (55-60% among respondents who completed primary or secondary school as compared to 33-38% of those having Masters or other Postgraduate degrees).

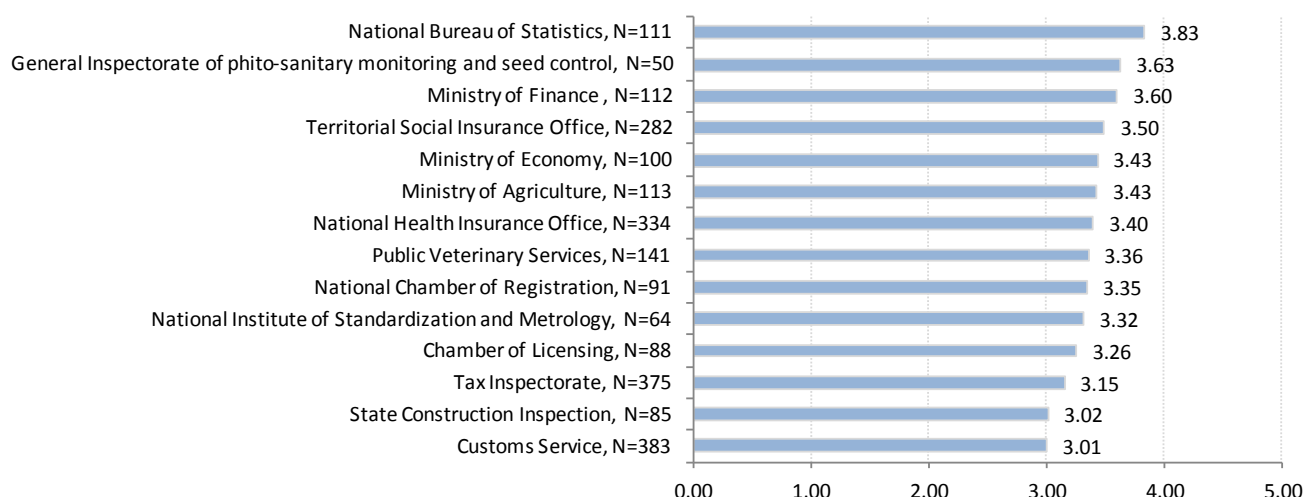
Figure 2.9: Question 20: In your opinion, how the public institutions can improve their services? (open question), N=1139, %



The main suggestions made for improving the quality of public services were related to: corruption reduction (25%), increase of the public servants salaries (16%), strict controls of the public servants (9%), increase of transparency and access to the information regarding public institutions activity and services (16%), increase of public servants qualification and professional skills (12%).

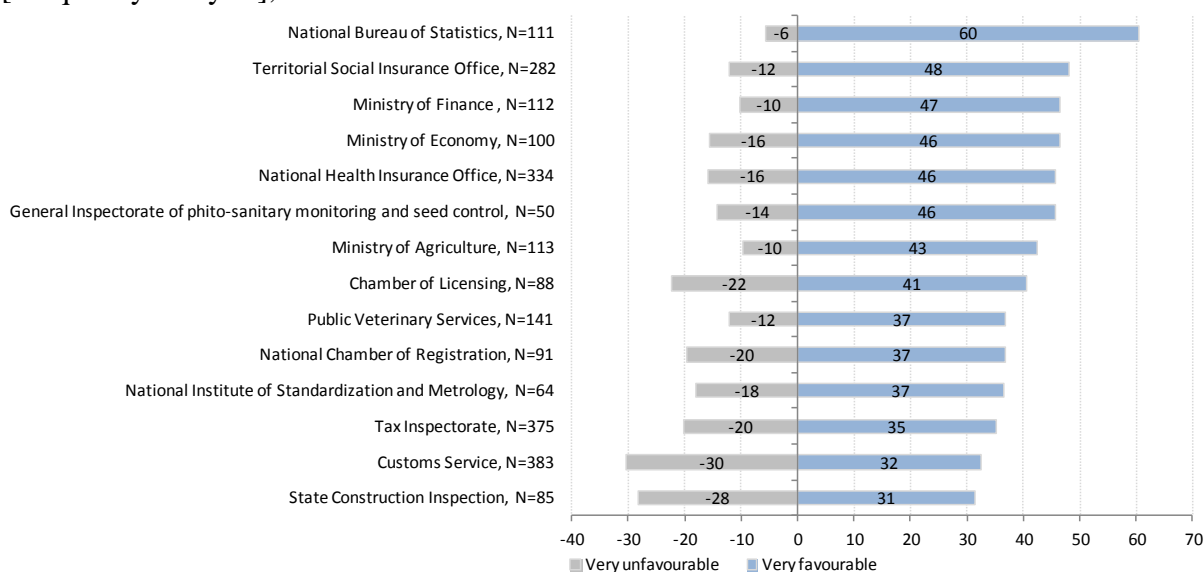
National Bureau of Statistics is perceived most favorably – an average score of 3.83, followed by General Inspectorate of phyto-sanitary monitoring and seed control (3.63). The list is closed by State Construction Inspection (3.02) and Customs Service (3.01).

Figure 2.10: Question 21: Also, please assess your attitude towards the following public institutions using a scale from 1 to 5, where 1 – not at all favorably, 5 – very favorably, [Average score], points



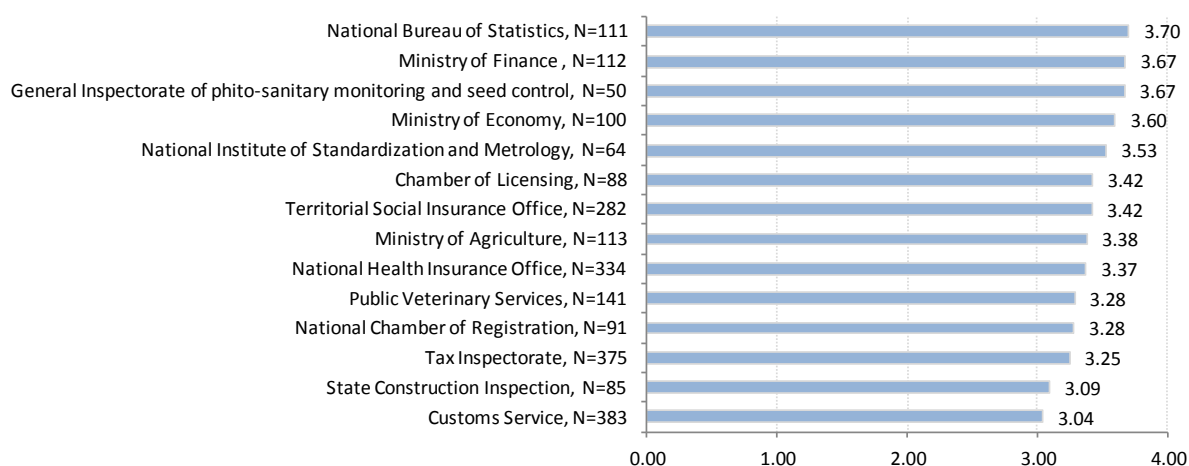
Again, the smallest negative score has been obtained by National Bureau of Statistics (-6%) and the highest positive score also belongs to this institution (60%). The highest negative score belongs to Customs Service (-30%) and State Construction Inspection (-28%). Tax inspectorate has also acquired a high negative score (-20%) and a low positive score (35%) as compared to other institutions.

Figure 2.11: Question 21: Also, please assess your attitude towards the following public institutions using a scale from 1 to 5, where 1 – not at all favourable, 5 – very favourable, [Frequency analysis], %



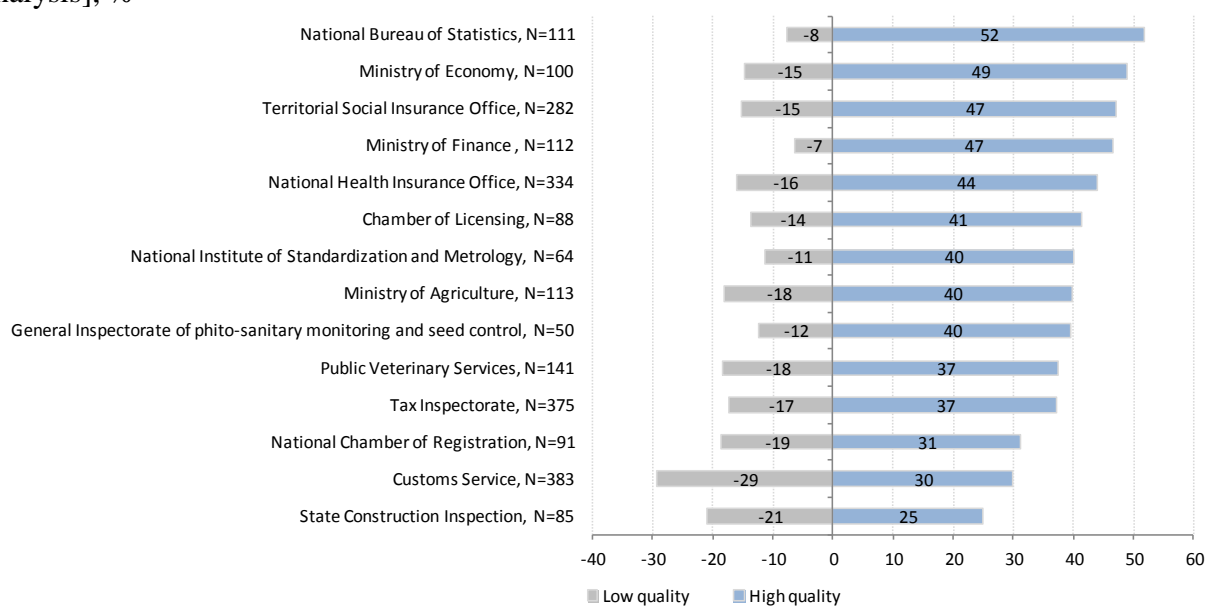
Public perception of the quality of services of National Bureau of Statistics is quite positive – 3.70 out of 5 points. The second place in the rating belongs to Ministry of Finance (3.67 p.) and General Inspectorate of phyto-sanitary monitoring and seed control (3.67). General public is not sure about the quality of services provided by Customs Service (3.04) and State Construction Inspection (3.09).

Figure 2.12: Question 22: Also, please evaluate the service and information quality of the following public institutions using a scale from 1 to 5, were 1 – services and information of low quality, and 5 – services and information of high quality: (single answer per row), [Average score], points



National Bureau of Statistics is heading the rating list, again. It obtained the highest positive score of 52% and one of the lowest negative scores (-8%). Ministry of Finance has the next best result – while its negative score is the lowest (-7%), its positive score is one of the highest (47%). The same positive score has been accumulated by Territorial Social Insurance Office, but its negative score is larger (-15%). Customs Service and State Construction Inspection have obtained, once more, the lowest results.

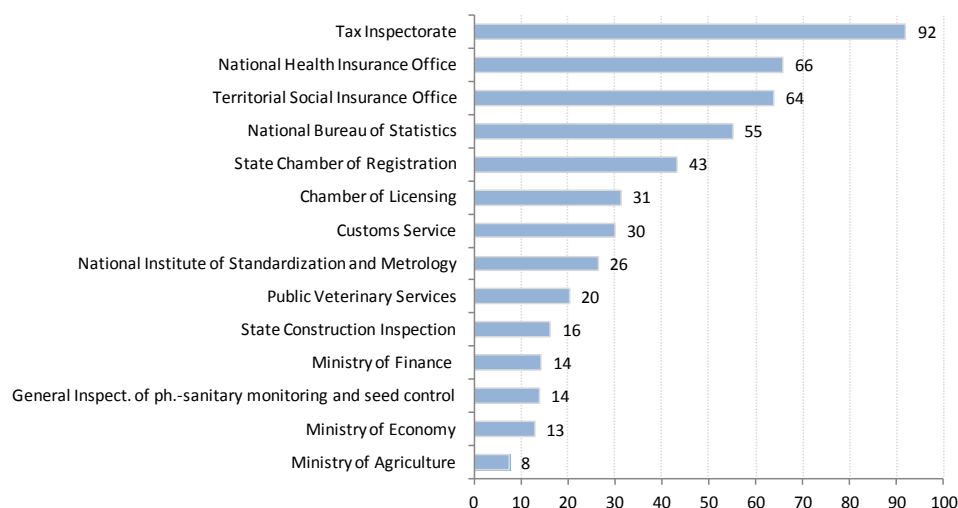
Figure 2.13: Question 22: Also, please appreciate service and information quality of the following public institutions using a scale from 1 to 5, were 1 – services and information of low quality, and 5 – services and information of high quality: (single answer per row), [Frequency analysis], %



2.2 Private Sector Survey Results

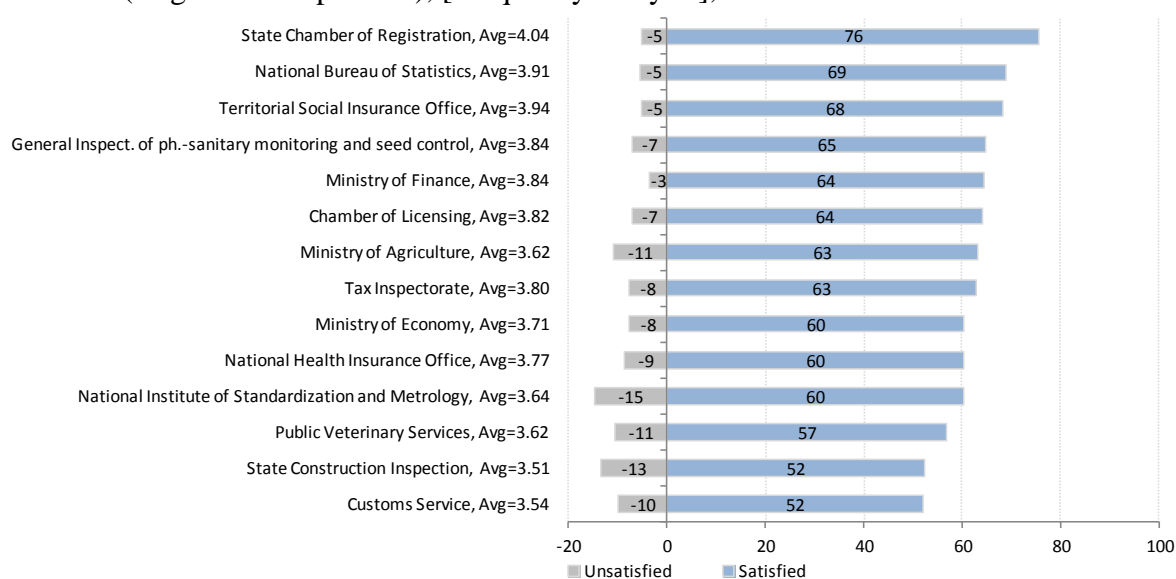
Tax Inspectorate is a must for private sector players and 92% of the respondents confirmed that they interacted with it. It is followed by National Health Insurance Office (66%) and Territorial Social Insurance Office (64%). Ministry of Agriculture is the institution where the smallest share of the sample has addressed during the past 12 months.

Figure 2.14: Question 14: Please look at the following card, and tell me please with which of the following public institutions did you get in touch during last 12 months? (multiple choice), N=408, %



Private sector representatives assessed their interaction with the following institutions as most positive: State Chamber of Registration (76%), followed by National Bureau of Statistics (69%), Territorial Social Insurance Office (68%). State Construction Inspection is perceived the least favourably – a negative score of -13% and a low positive score (52%). National Institute of Standardization and Metrology, Customs Service, Public Veterinary Services are other institutions that obtained low positive scores.

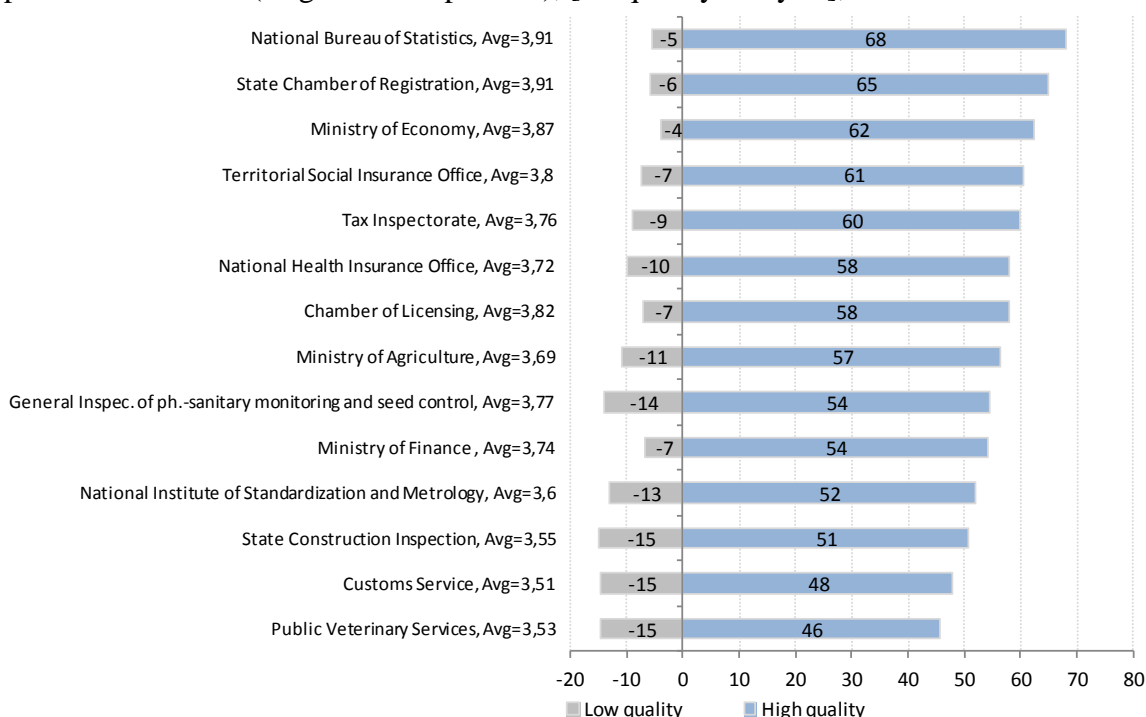
Figure 2.15: Question 14: Please rate your overall satisfaction with services provided by the following public institutions on a scale from 1 to 5, were 1 – totally unsatisfied and 5 – totally satisfied. (single answer per row), [Frequency analysis], %



In the opinion of the private sector players, the highest quality services are provided by the National Bureau of Statistics, State Chamber of Registration, Ministry of Economy, Chamber

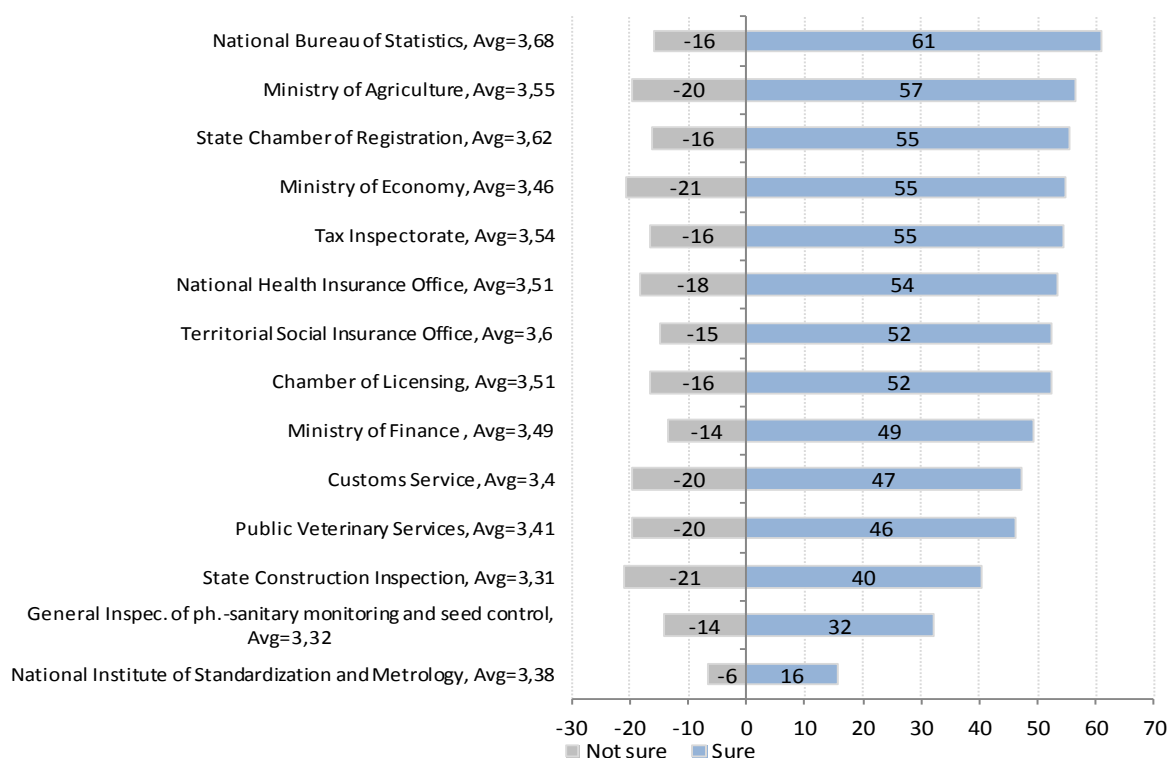
of Licensing, and Territorial Social Insurance Office. These institutions acquired the highest average score. The opposite end of the rating is presented by Customs Service with the highest negative score of -15%, State Construction Inspection accounting for -15%, Public Veterinary Services with the same negative score.

Figure 2.16: Question 15: Please rate on a scale from 1 to 5, where 1 –information of low quality, and 5 –information of high quality, the quality of information provided by the following public institutions: (single answer per row), [Frequency analysis], %



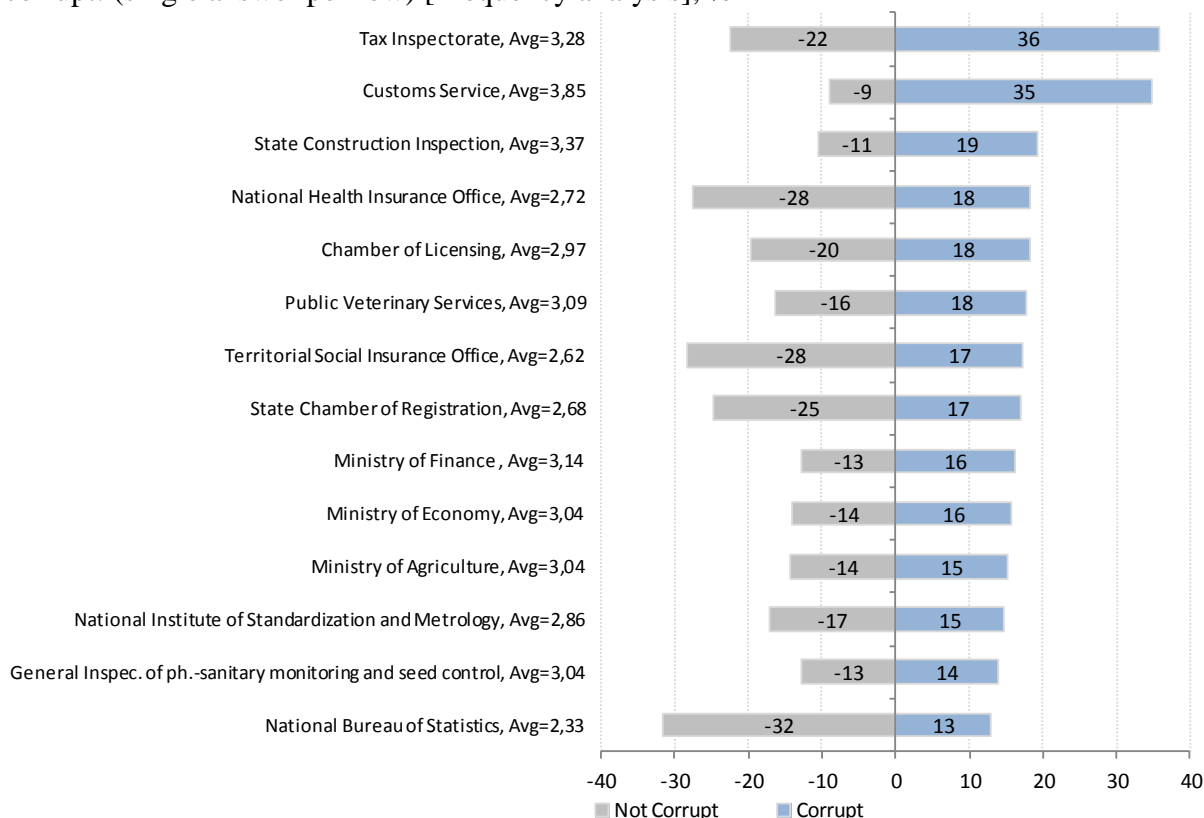
When being asked to assess how sure they were that the following public institutions would provide them with the assistance needed regarding their services, respondents found most difficult to comment the activity of two public institutions – General Inspectorate of phyto-sanitary monitoring and seed control and National Institute of Standardization and Metrology. Meanwhile, National Bureau of Statistics turns out to be again the leader of the rating, with an average of 3.68 out of 5 points and a positive score reaching 61%.

Figure 2.17: Question 16: Could you, please, rate on a scale from 1 to 5, where 1 – not sure at all and 5 – absolutely sure, how sure are you that the following public institutions will provide you with the assistance you need regarding their services: (single answer per row) [Frequency analysis], %



Tax Inspectorate is considered to be the most corrupt public institution as according to the share of those who consider it so – 36%, followed by Customs Service with a share of 35% who consider it corrupt. National Bureau of Statistics is considered to be least corrupt (-32%).

Figure 2.18: Question 17: In your opinion, which of the following public institutions are the most corrupt? Rate them on a scale from 1 to 5, where 1 – not corrupt at all and 5 – totally corrupt: (single answer per row) [Frequency analysis], %



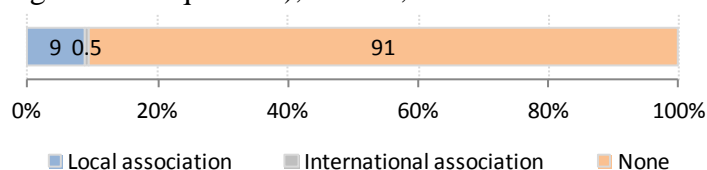
Chapter 3: Perceptions and Practices in Public-Private Dialogue

The following chapter presents the analysis of the interaction between private sector and public institutions. In this chapter two aspects are analyzed: level of association among private representatives and their perception of the mechanisms of public-private dialogue.

3.1 Membership in private sector associations and its' benefits for the companies

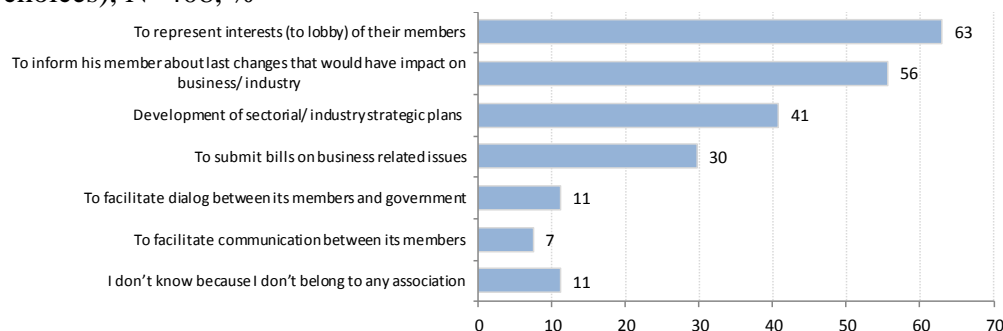
From the total number of the interviewed companies' representatives, 9% declared that they are members of a private sector association. In the most of the cases companies mentioned industry associations: *furniture companies association, winemakers association, regional doctors association etc.*

Figure 3.1: Question 19: Does your company belong to any other private sector associations? (single answer question), N=408, %



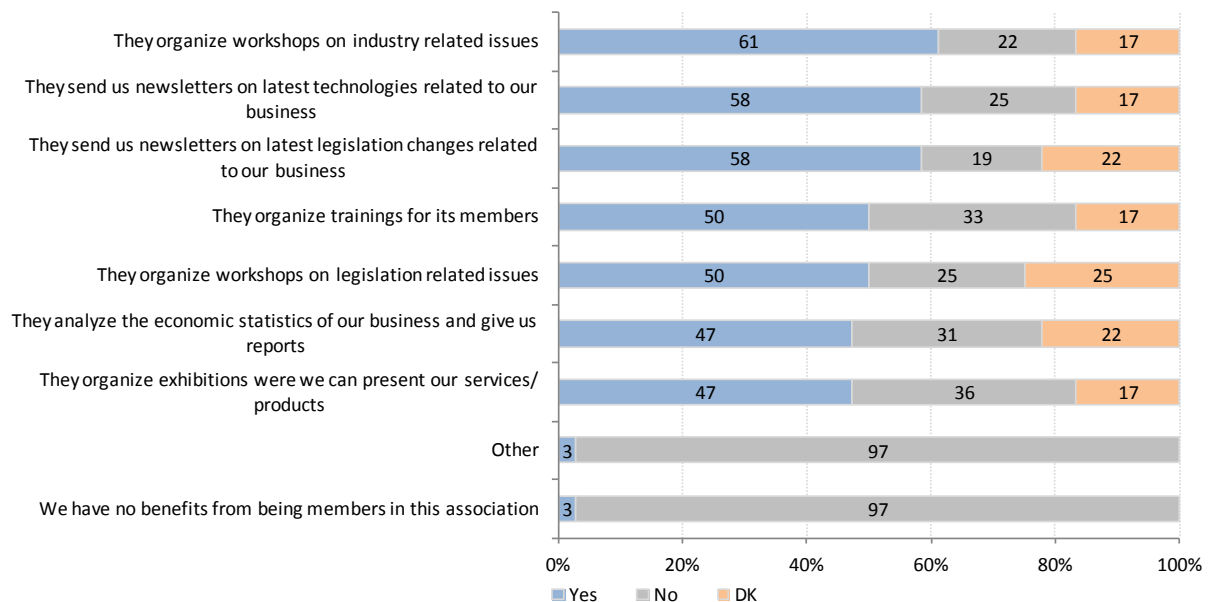
When being asked about purposes of a company association, the majority of respondents mentioned that it should *represent the interests of its members* and *inform its members about last legislative changes that may affect their businesses*. Also 41% of the companies' representatives think that associations must develop industry strategic plans.

Figure 3.2: Question 21: In your opinion, what is the purpose of the associations? (max. 3 choices), N=408, %



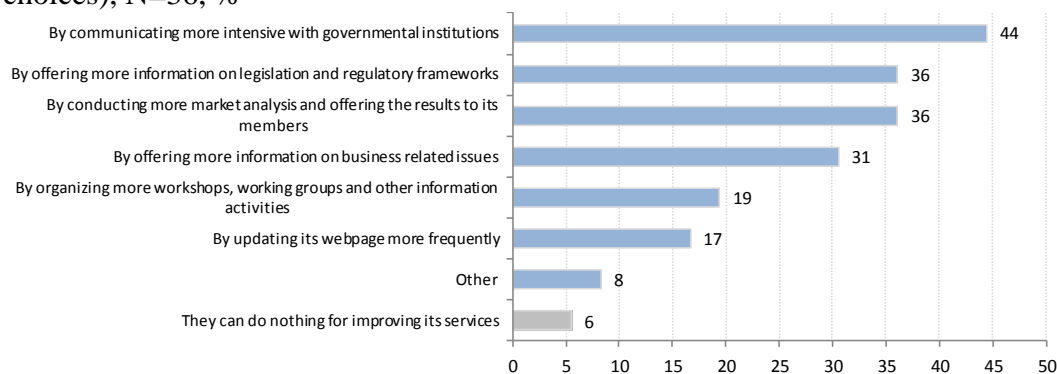
On the other hand, respondents who are members of business associations mentioned that the main benefits of being a member of an association are *organization of workshops* (61%) and *receiving newsletters on latest legislation and technologic know-how* (58%).

Figure 3.3: Question 22: What benefits do you receive from your membership in an association? (single answer per row), N=36, %



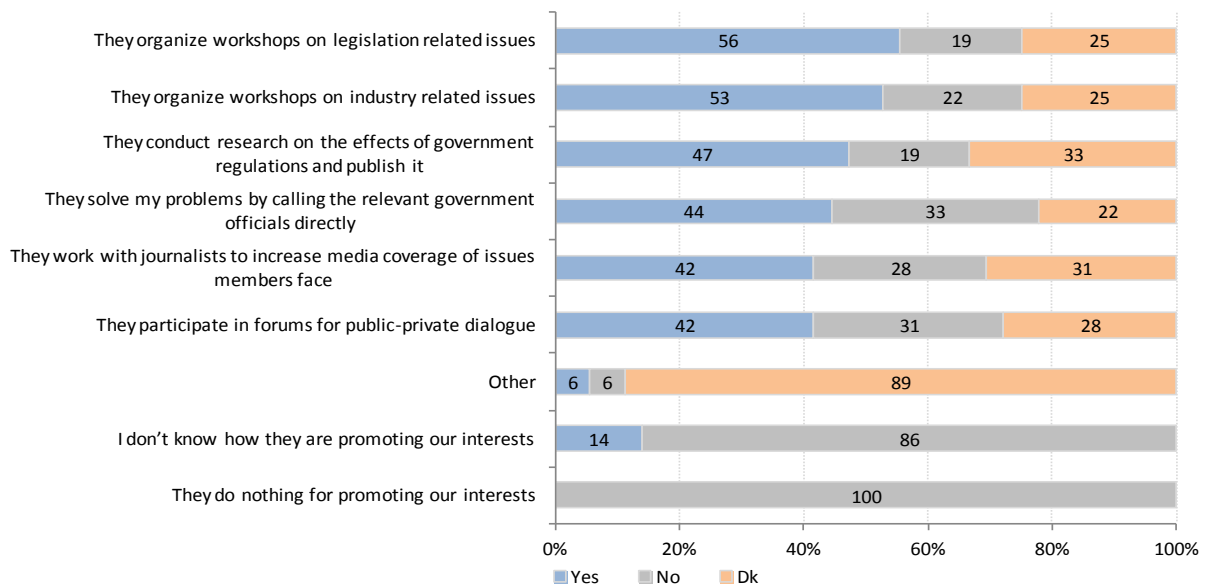
At the same time company managers mentioned most frequently the necessity of a more intensive communication with governmental institutions (44%) and the need to conduct more market analysis and to offer more information on regulatory frameworks (36%) as ways to improve services provided by the associations.

Figure 3.4: Question 23: How could your association improve its services to you? (max. 3 choices), N=36, %



When being asked about the ways their associations promote the interests of its members, in the majority of the cases the respondents mentioned the fact that they organize workshops on industry related issues (53%) and legislation frameworks (56%). It's also worth mentioning that 14% of company representatives interviewed stated that they do not know what their association is undertaking to promote their interests.

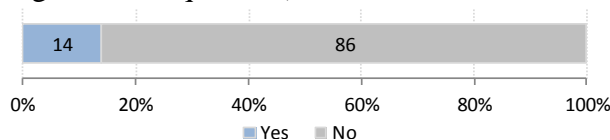
Figure 3.5: Question 24: How does your association promote the interests of its members? (single answer per row), N=36, %



3.2 Participation in Public-Private Dialogue activities

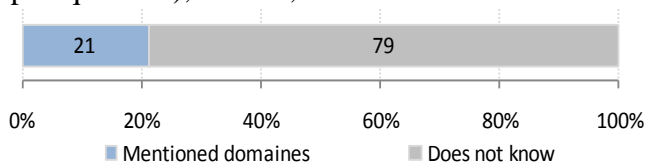
Five of the interviewed representatives – or 14% of the respondents whose company is member of an association – mentioned that their association participates in public-private dialogue forums.

Figure 3.6: Question 25: Does your association participate in public-private dialogue forums? (single answer question), N=36, %



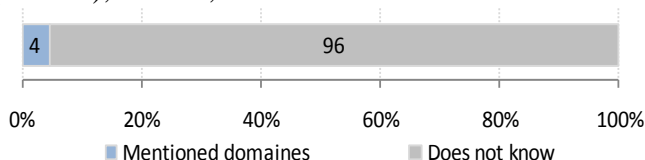
On the other hand 21% of the respondents listed issues where they think that public-private dialogue is most effective. The most common issues mentioned by the respondents were related to taxing and tax area legislation (5% from the total number of the respondents), other 3% mentioned general economic issues or aspects related to small business activity.

Figure 3.7: Question 27: On what issues do you think public-private dialogue is most effective? (open question), N=408, %



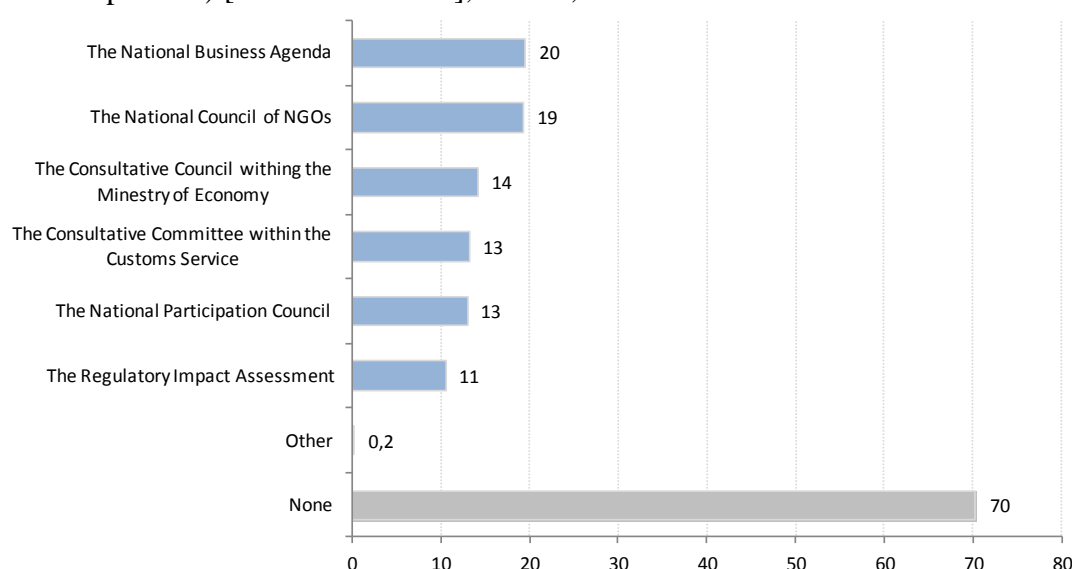
At the same time 4% of the respondents mentioned only the areas (ex.: Tax Area) on which public-private dialogue activities take place. Although, the question was designed to identify PPD activities known by the respondents, none of the companies' representatives could mention any ongoing PPD activity.

Figure 3.8: Question 28: Can you name any ongoing forums for public-private dialogue? (open question), N=408, %



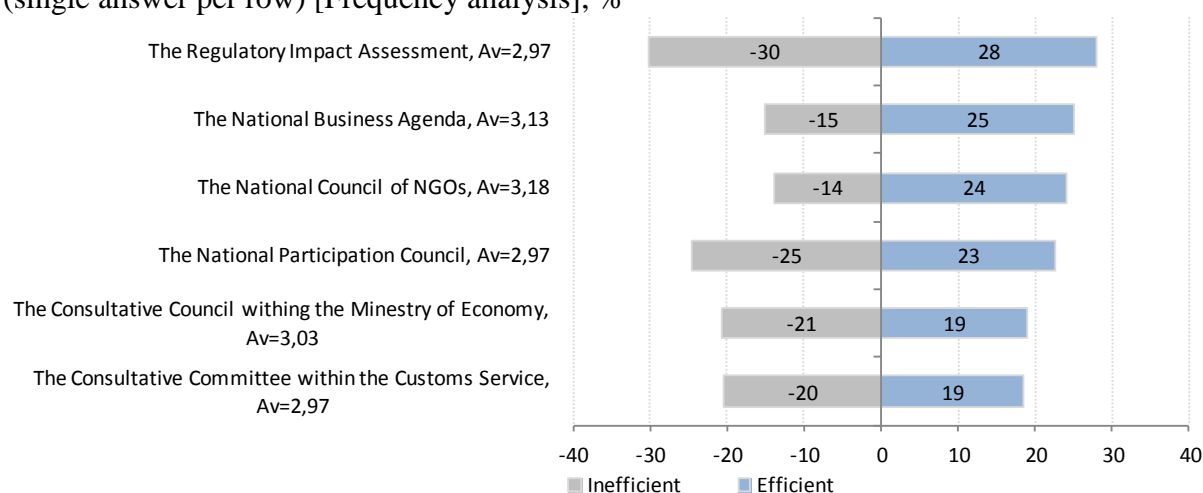
Also, it is to mention that a considerable 70% of the respondents haven't heard about any PPD activities from the ones tested. On the other hand, 20% stated that they have heard about *The National Business Agenda* and 19% have recalled *The National Council of NGOs*. At the same time, the representatives of the companies based in Chisinau are more aware of the PPD activities than the rest of the respondents (32% vs. 25% of the representatives from rural area and 23% in case of managers of companies from other urban localities).

Figure 3.9: Question 29: On a scale from 1 to 5, where 1 – totally inefficient and 5 – totally efficient, please rate the effectiveness of the following means of public-private dialogue: (single answer per row) [Activities known], N=408, %



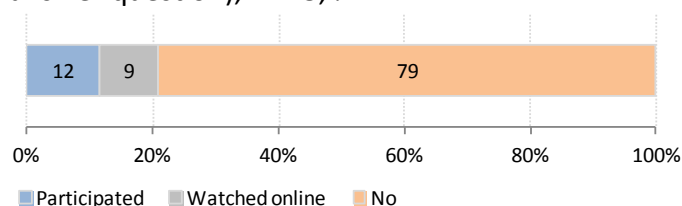
Most of the respondents who know about some public-private dialogue activities assessed *The Regulatory Impact Assessment* (28%) as an efficient mean of public-private dialogue, while only 30% of the total number said it was not efficient. *The National Business Agenda* (25% or +10 p.p.) and *The National Council of NGOs* (24% or +10 p.p.) are most likely to be viewed as efficient activities.

Figure 3.10: Question 29: On a scale from 1 to 5, where 1 – totally inefficient and 5 – totally efficient, please rate the effectiveness of the following means of public-private dialogue: (single answer per row) [Frequency analysis], %



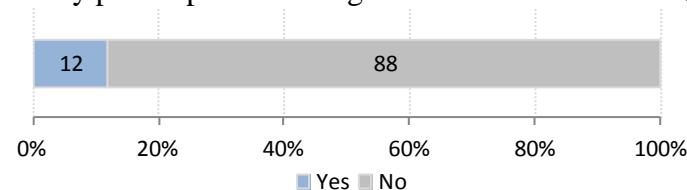
At the meetings of the *Regulatory Impact Assessment* participated 12% of the companies' representatives that knew about this PPD activity. Besides, 9% mentioned that they watched online its meetings.

Figure 3.11: Question 30: Does your company participate in RIA's working activities? (single answer question), N=43, %



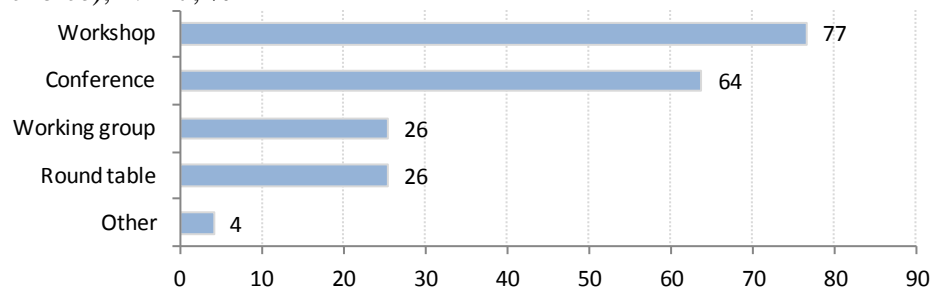
The share of the representatives that participated in public-private dialogue forums as company representative is 12%. Representatives of the companies located in Chisinau (14%) and rural areas (19%) got involved more frequently in the public-private dialogue respect to companies located in other urban areas. Also, it is to mention that companies with foreign investments participated more frequently in PDD activities (40%).

Figure 3.12: Question 32: Does your company, as entity, not part of an association, participate in any public-private dialogue mechanisms/forums? (single answer question), N=408, %



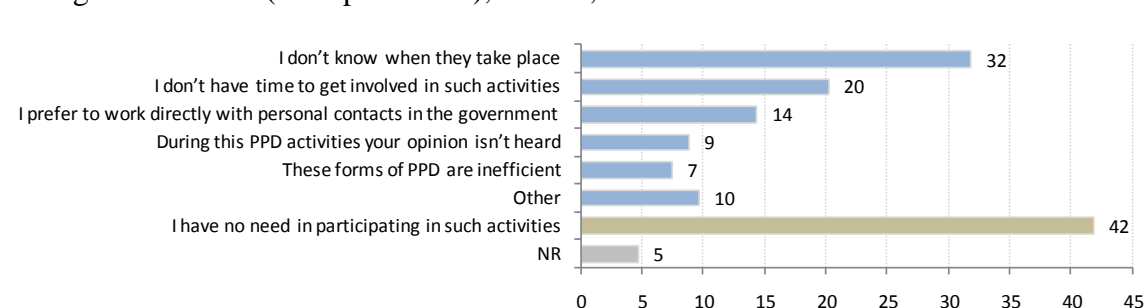
The majority of respondents stated that their companies participated at workshops (77%) and conferences (64%). On the other hand, only 26% of the respondents took action in working groups or round tables.

Figure 3.13: Question 33: Please specify what type of public-private dialog it was? (multiple choice), N=47, %



The greatest share of the respondents, whose company did not participate in PPD activities, stated that they see no need in participating in such activities (42%). 32% referred to the lack of information on when these activities take place. Besides, only 7% of the respondents stated that they do not participate in PPD activities due to their lack of efficiency.

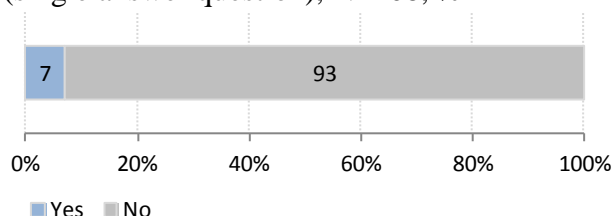
Figure 3.14: Question 34: Why didn't you/ or your company participate at any of public-private dialogue activities? (multiple choice), N=361, %



3.3 Awareness of feedback mechanisms on draft laws

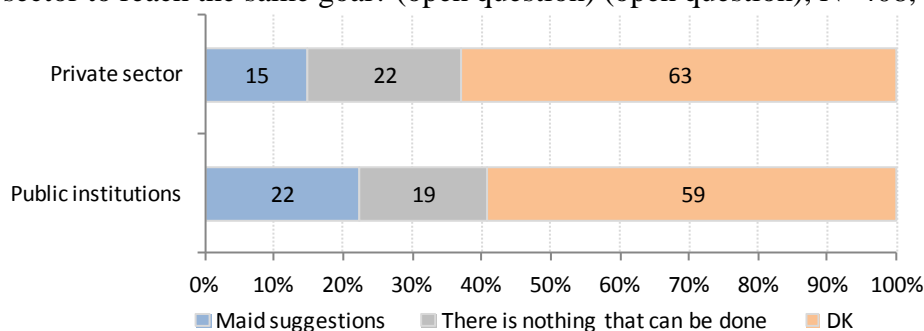
Regarding the awareness of the ways to provide feedback on draft laws and regulations, only 7% said that they know how it can be done. It is to mention that representatives of the companies located in Chisinau are most likely to be informed on this. On the other hand, the share of respondents that declared they know how to provide feedback is inversely proportional to the size of the company.

Figure 3.15: Question 35: Do you know how to provide the feedback on draft laws, regulations? (single answer question), N=408, %



When asked about what actions should be taken by the private sector to improve the public-private dialogue and what shall be done by the public institutions to address this issue, company representatives were more likely to come with suggestions on the actions the public institutions should take (22%) rather than to do something by themselves. The most frequent suggestions on actions to be taken by private sector were related to the increase in commitment and the interest level of the companies (25%) as well as to offer more information about their activity (16%). On the other hand companies' representatives suggested that public institutions should be more interested and supportive in solving business issues (39%). They also think that public institutions should organize more meeting with companies' representatives and provide more information.

Figure 3.16: Question 38: How do you think what can be done by the private sector to improve the public-private dialogue in Moldova? On the other hand, what can be done by the public sector to reach the same goal? (open question) (open question), N=408, %

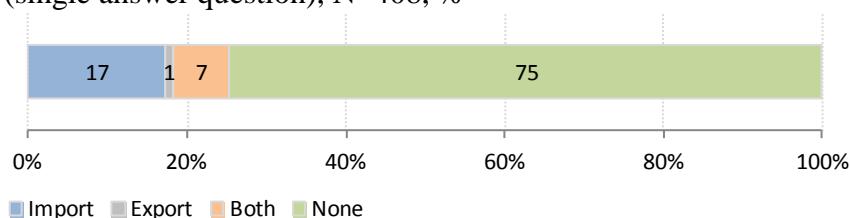


Chapter 4: Cross-Border Trading Process

The fourth chapter presents the interaction between companies and Customs Service from the private sector perspective. This chapter presents the assessment of the professional skills of the Customs representatives, the easiness of the trading across borders and of the import/ export clearance procedures. Also it reflects the opinion of importing/ exporting companies on the quality of Customs Legislation. On the other hand it shows the time estimation required to cross the state border when importing or exporting goods.

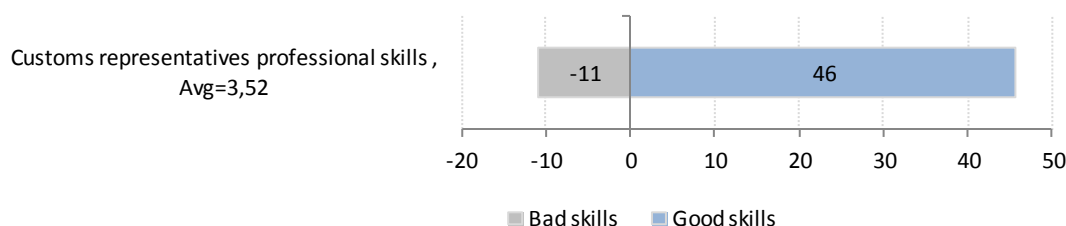
From the total number of the interviewed companies, 25% perform import or export activity. 17% of the companies are importing goods, only 1% is exporting goods and 7% are performing both activities.

Figure 4.1: Question 40: Do you import or export goods regularly as part of your business? (single answer question), N=408, %



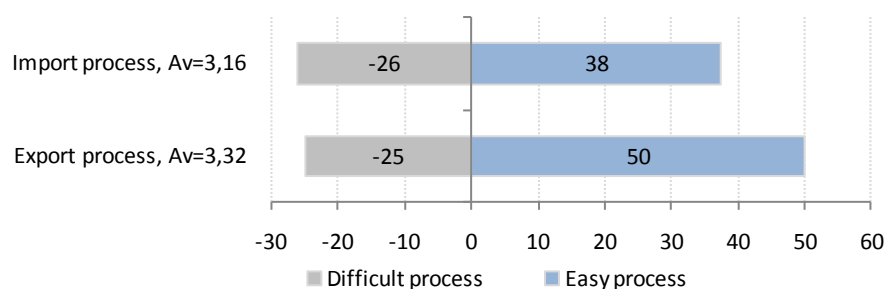
Representatives of the companies that interact with Customs Services due to their main activity assessed Customs representatives skills with an average score of 3.52 point on a scale from 1 to 5.

Figure 4.2: Question 43: If it is to speak about professional skills and competence of the Customs trade representatives, how you would evaluate these on a scale from 1 to 5, where 1 – bad professional skills and 5 – good professional skills, N=92, %



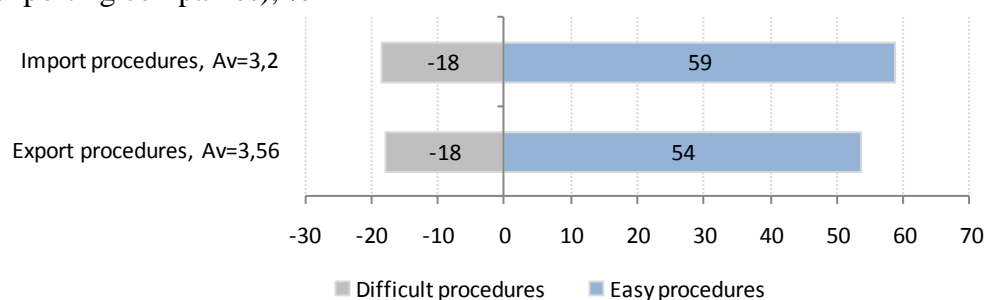
On the other hand companies' representatives assessed the difficulty of border crossing process with an average score of 3.16 points when importing goods and 3.32 points when exporting goods.

Figure 4.3: Question 44: Also, how would you characterize the process of border crossing when importing or exporting goods? Please, use a scale from 1 to 5 where, 1 – a very difficult process and 5 – a very easy (effortless) process:, N=88 (for importing companies), N=28 (for exporting companies), %



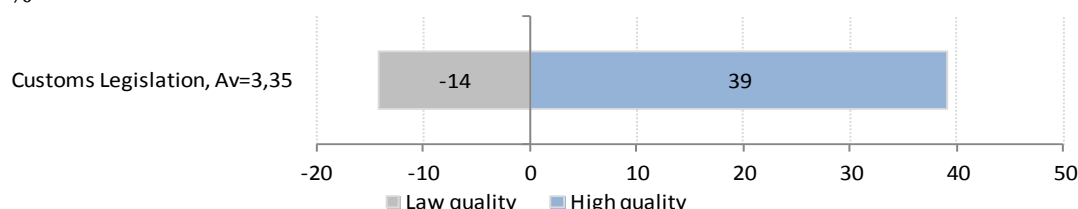
At the same time respondents assessed the easiness to import goods with an average score of 3.2 points and the export procedures with an average score of 3.56 points.

Figure 4.4: Question 45: How would you characterize the customs clearance procedure when entering and when importing goods? Please, use a scale from 1 to 5 where, 1 – a very difficult procedure and 5 – a very easy procedure: N=88 (for importing companies), N=28 (for exporting companies), %



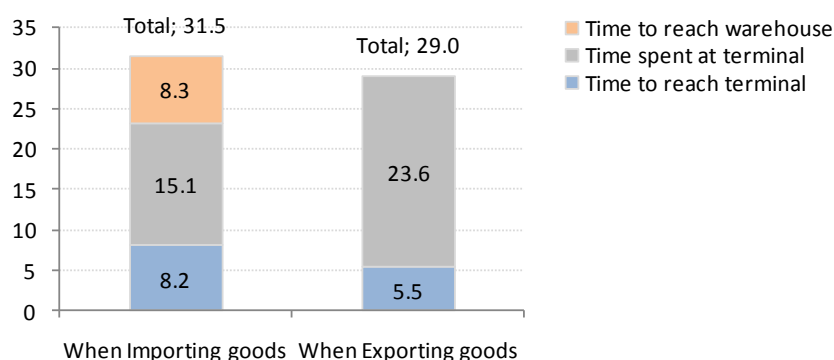
When asked about the quality of the Customs Legislation, the respondents evaluated it with an average score of 3.35 points out of 5.

Figure 4.5: Question 46: What is your opinion about the quality of current Customs legislation? Please, use a scale from 1 to 5 where, 1 – legislation of low quality and 5 – legislation of high quality: N=88 (for importing companies), N=28 (for exporting companies), %



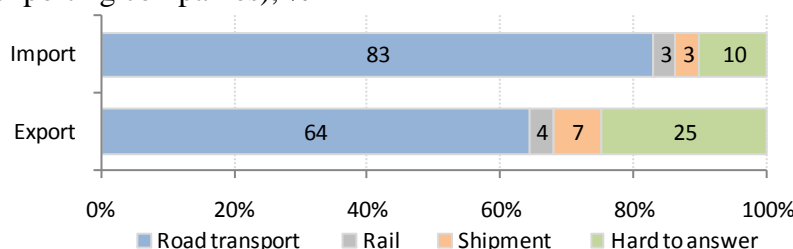
Analyzing the time required to cross the border when importing or exporting goods, it is to mention that although the total duration of border crossing procedures when importing goods exceeds the total length of time needed for exporting goods, the time spent by the companies at the customs terminal is significantly longer (23.6 hours) when exporting goods, compared to importing activities (15.1 hours).

Figure 4.6: Question 47: Please estimate the time you need to cross the border when you have a truck of goods? (open question), N=88 (for importing companies), N=28 (for exporting companies), %, average length, days



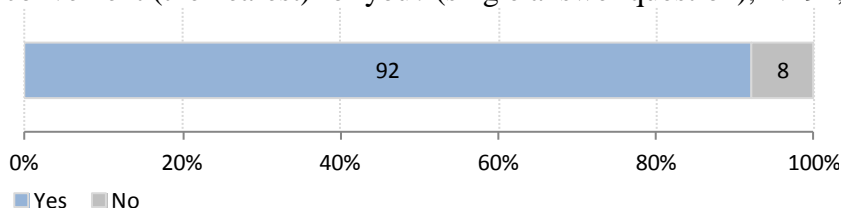
The majority of companies that perform trade activities use road transport as a mean for moving goods (83% of the importers and 64% of the exporters).

Figure 4.7: Question 47.a: What kind of transport do you use most frequently for importing or exporting goods? (single answer question), N=88 (for importing companies), N=28 (for exporting companies), %



For 92% of the companies performing trade activities find the customs terminal where they execute the clearance procedures the most convenient for them. The majority of the respondents that mentioned an inconvenient terminal listed terminals from Chisinau (Botanica – 2 persons, Botanica (airport) – 2 persons, Petricani – 2 persons, Leuseni – 1 person). In the majority of cases the terminals stated as convenient - are also located in Chisinau (Stauceni – 1 person, Botanica – 3 persons). Although these terminals are situated in the same locality, respondents stated that they would be able to reduce by 57 km the distance to the terminal and by 13 hours the time spent on road.

Figure 4.8: Question 48.a: Is the terminal where you carry out clearance procedures the most convenient (the nearest) for you? (single answer question), N=92, %



Customs clearance expenses of the interviewed companies vary a lot. This difference is due to the quantities and the kind of goods imported/exported, as well as the different countries to/from which these are moved. Due to the considerable data deviation it is more recommendable to estimate the costs of customs clearance activities according to their median value. As a result, the total cost of the customs clearance procedures can be estimated at 19.3 thousands MDL, the greatest share consisting in transport expenditures (median value 10 thousands MDL).

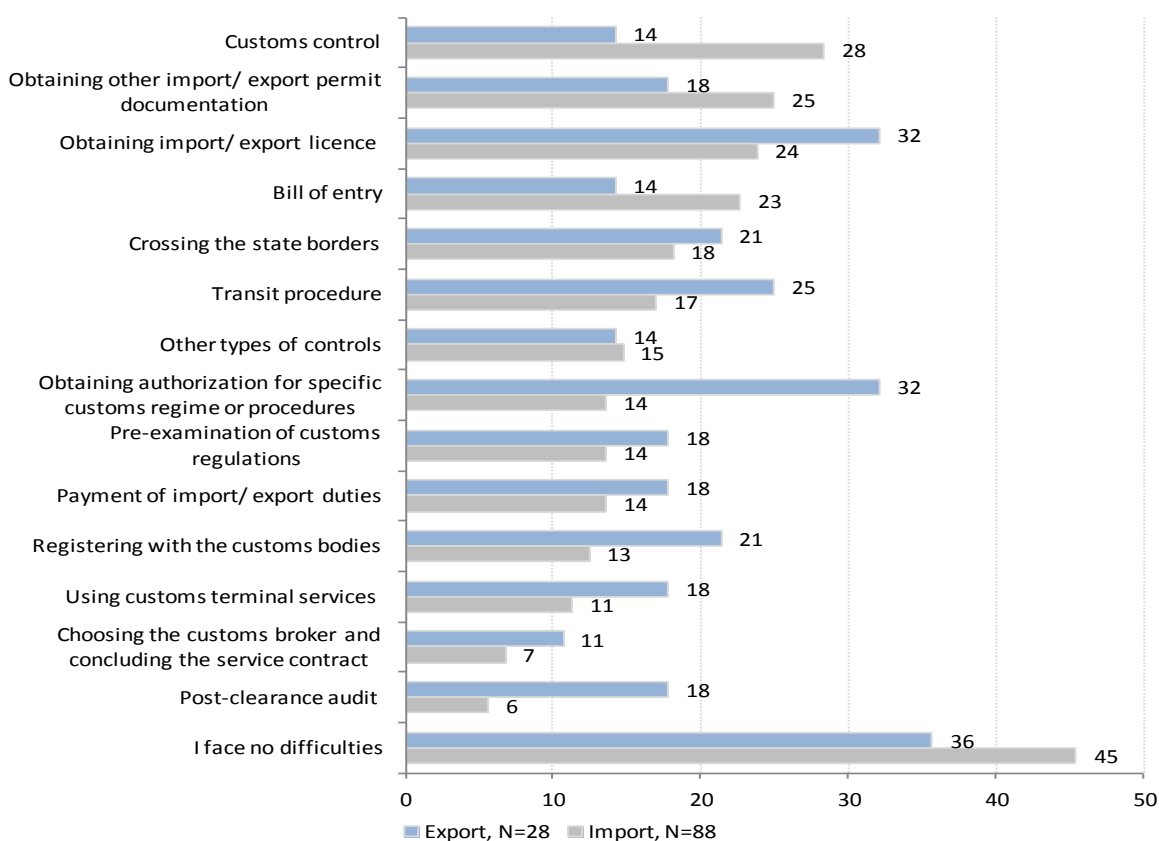
Table 4.1: Question 48: Please estimate the average costs of customs clearance for the following activities: (open question), MDL

	Count	Min.	Average	Median	Max.
Customs broker services	48	200	2009	1000	9500
Transit operation	19	100	1876	400	10000
Fee for using the financial guarantee	6	100	2150	1150	8000

Customs terminal services	37	48	1163	350	10000
Transport spending	44	200	15834	10000	100000
Insurance of goods	10	200	4440	1950	16000
Storing the goods during the clearance process	15	150	967	600	2400
The goods inspection (expertise)	9	200	1122	600	3000
Costs of obtaining permissive acts from the public institutions	15	100	2416	500	11000
Other types of state inspections' costs	9	400	14522	2300	100000
Bank fees	28	5	4389	420	80000

Delphi Study findings: When experts were asked about duration of different shipment stages they mentioned the same duration for time needed to reach the customs terminal. The length of this activity was estimated to be around 4 hours. On the other hand, when speaking about the time spent at customs terminal, experts mentioned significantly different durations. If exporters and importers assessed the time spent at customs terminal around 4-5 hours, the transport company representative mentioned that as a rule their trucks stay at customs terminal 48 hours. This difference in assessment of the time needed to pass through customs terminal is explained by the fact that transported take into account and time spent in line for entering the customs terminal. In general, the stages during which they are often delays is the customs control process and the obtaining of other permissive documents, besides the import/export license. Most of the times, both importers and exporters emphasized that specifically at these stages, the interaction between the companies and government institutions (Customs Service, State Veterinary Service, Institute of Standardization and Metrology) is mostly influenced by the contact with the institution's representative. For this reason, most of the times, the companies are forced to bribe in order to facilitate the completion of these procedures. Even more, in some cases (a representative of an importing company) there is a systemic bribery (for each transport operated by the company is paid an amount of 200 MDL for the customs inspector to facilitate the border crossing). Another aspect mentioned by an importer company was related to the interaction of the company with the Moldova-Standard Institute which is approving the translation and the label format. In this case, the economic agent was forced to reprint the label of the imported product, as a result of detecting faults on the label that previously passed the approval of the same institution. In this case, the import and delivery of the product was retained for a significant period, not to mention the additional costs for printing incurred by the importer.

When participants were asked to indicate the stages of importing/ exporting process when they faced difficulties, the most of them mentioned *Customs control* (28%), *obtaining other import permits* (25%) and *paying entry bills* (23%) when importing goods. At the same time, exporters most often faced difficulties when *obtaining export license* (32%) or *authorizations for specific customs regimes* (32%). It's also worth mentioning that companies faced less obstacles when importing goods, rather than during exporting process. Figure 4.9: Question 51: At what stage of importing/ exporting process, have you faced any difficulties because of the intervention of public authorities? (multiple choice per column), %



Delphi Study findings:

Overall, the survey participants agreed that the most difficult stages in the process of importing/exporting goods are related to two aspects: 1. Prior consultation with the customs legislation and 2. Using the customs terminals.

When consulting the legislation, the representatives of importers and exporters of goods mentioned that very often, the wording stipulated in the regulations is unclear and frequently leaves room for interpretation. Also, the representative of the shipping company mentioned in this chapter that the available electronic resources are not well organized because they do not identify the most recent approved legislation and as a result of the recent legislative changes that came into force.

A particular aspect of informing the economic agents on the customs legislation was highlighted by the customs broker representative and exporting company. They mentioned that the economic agents are not being informed about the acts necessary to carry out procedures for import/export actions. Customs brokers said that very often, the companies do not know which package of documents is required to be submitted for the customs clearance of several goods. A good example to this topic is the situation of a company importing computers which imported cleaning solutions for computers and because it was not aware about the need to obtain and present the import license for the household chemical products, this company was unable to import these goods for a quite long time.

At the same time, the use of customs terminal services is difficult for several reasons. In the case of carriers, this problem is related primarily to the impossibility of carrying transshipment to all existing customs terminals. Meanwhile, one of the importers, the customs brokers and exporters mentioned that the use of customs terminal services is frequently hindered by the excessive bureaucratic system.

On the other hand, some participants in the study consider that the Customs Service is forced by the need to collect revenues to the state budget (and thus to increase the revenues from using the customs terminals) and carry out the clearance of the vast majority of cases in the red corridor.

Also, according to the customs brokers and the carrier, the existing customs terminals cannot fully provide all the needs of making the customs operations in efficient terms. However, some respondents mentioned that very often, the work as customs brokers and customs terminal is not synchronized (the customs terminals start work at 8 am, but the customs brokers usually start their work day at 9 am).

One importer stated that the biggest problem of the customs clearance procedure is related to the procedure of determining the customs value of goods. Often, it is erroneously increased without taking into account the documents accompanying the goods that can serve as a reference point in determining its fair value. Also, some products are priced incorrectly (for example, the caviar is considered a luxury item which is excessively priced in customs). This leads to the development of the black market for this product, which according to the interviewed importer, it exceeds the declared amount of this product with about 3 times in customs. Another aspect that creates inconvenience for importers is related to the use of the indicative prices (which existence is denied officially, but importers stated that this document is used widely in customs activity) as calculated in national currency, which often generate losses for the importer when converting currency.

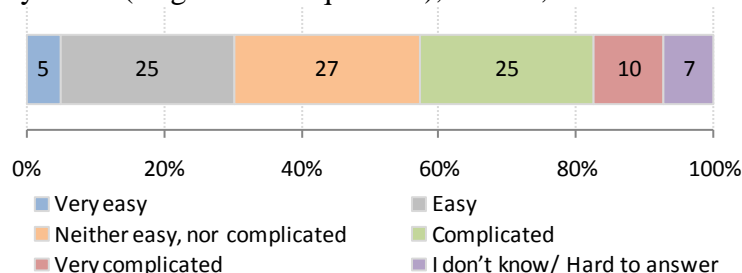
Another aspect, which does not depend on certain steps of carrying out customs procedures, is the attitude of the customs officers and the overall customs system in relation to the economic agents who are importing/exporting goods. According to many participants in the study, they are regarded as criminals from the start and therefore the examinations are made overzealous. Also, all categories of respondents (but especially the carrier and customs broker) mentioned that the customs procedures are not that difficult to perform; as they are delayed by some people (number of customs inspectors) whose goal is achieving certain financial benefits.

Chapter 5: Tax Administration

This chapter presents information regarding some aspects of taxpaying process – how easy it is to calculate taxes, how successful is the work of State Tax Service in promoting tax legislation, etc.

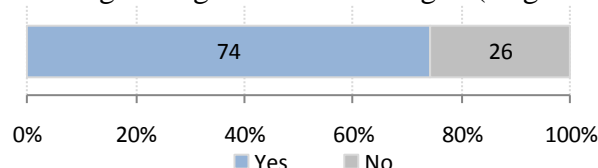
Current tax calculation is perceived by the enterprises as not an easy procedure. The greatest share (27%) thinks it is neither easy nor complicated, but 25% still finds it complicated and 10% - very complicated.

Figure 5.1: Question 53: How do you perceive the current norms related to tax calculation and payment? (single answer question), N=408, %



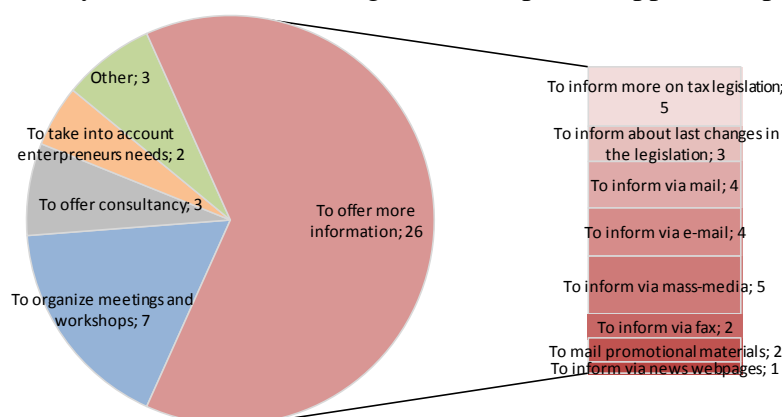
The majority of the respondents thinks that the measures taken by State Tax Service in order to promote tax legislation are sufficient.

Figure 5.2: Question 55: Do you think the measures taken by state (State Tax Service) promoting tax legislation are enough? (single answer question), N=408, %



Those who don't find these measures sufficient suggested to organize meetings and workshops (7 responses), offer more information regarding tax legislation and the last changes in the legislation, inform through mass-media channels, provide more information via ordinary or electronic mail.

Figure 5.3: Question 56: Please specify which of the tax awareness methods, which are not fully used by STS, could have a significant impact, if applied? (open question), N=31, responses



**this question has been asked only to those who replied "No" to the previous question (Question 55).*

As a rule, accountants and financial department employees are those who usually access www.fisc.md website for information. Directors do it less often; the same may be stated for the general manager's assistants and ordinary employees.

Figure 5.4: Question 59: How often do you access and use information placed on the STS website www.fisc.md on the methods for calculating and declaring taxes?, N=408, %

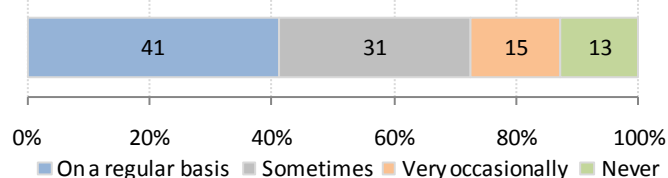
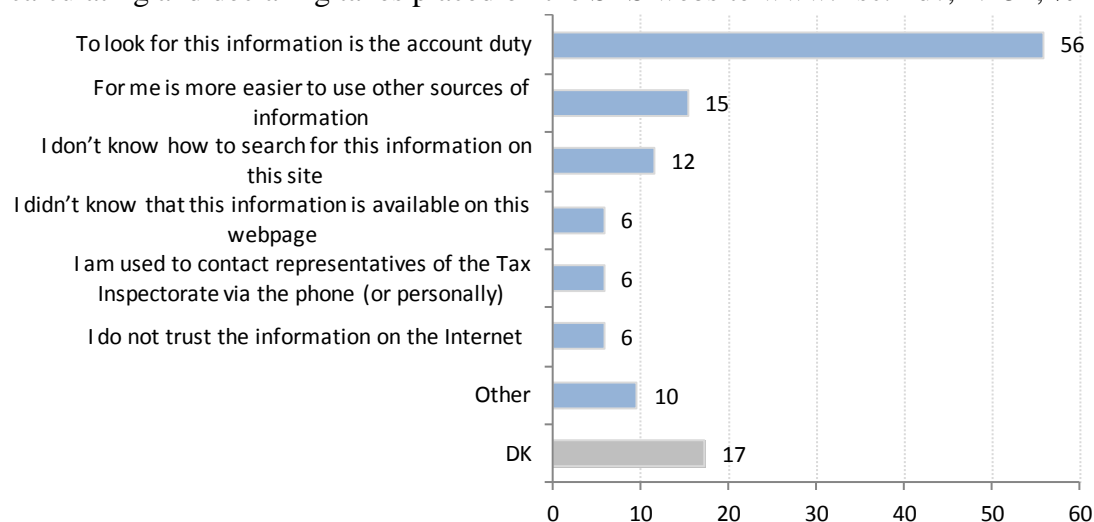


Table 5.1: Question 59: How often do you access and use information placed on the STS website www.fisc.md on the methods for calculating and declaring taxes?, N=408, %

	N	Regularly	Sometimes	Very rare	Never	Total
Director	181	27	34	22	18	100
Accounting and finance employees	140	67	24	5	4	100
Other managers	49	41	35	10	14	100
Owner	14	36	21	21	21	100
Secretary	18	6	61	22	11	100
Employee	6	0	33	33	33	100

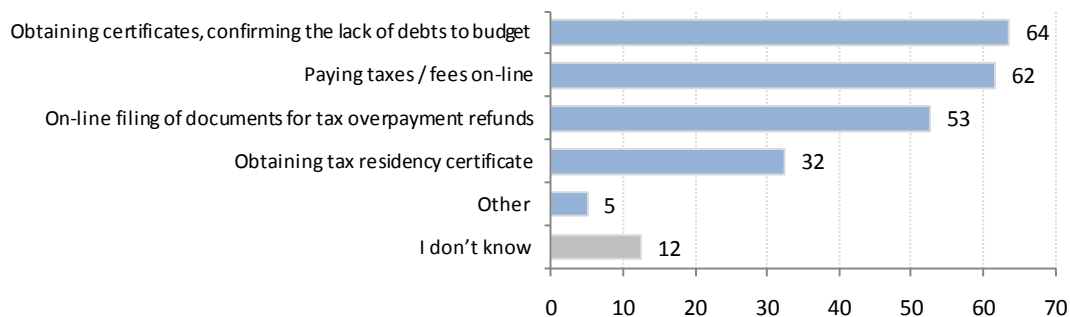
Among the respondents who do not use the information on methods for calculating and declaring taxes placed on the STS website www.fisc.md, explained it by the fact that it is the accountant's job to look for such information, 15% declared that it was easier for them to use other sources of information, 12% might need some training in order to learn how to use the site, 6% were not informed about the existence of such information on this website, 6% prefer to contact a representative and 6% do not trust the information found on the Internet. Among those who indicated other suggestions were those who stated they do not use the computer (a director of an agricultural economic entity), or do not have time for it, or do not need it.

Figure 5.5: Question 60: Please give reasons why you don't access information on methods for calculating and declaring taxes placed on the STS website www.fisc.md?, N=52, %



Enterprise representatives would very much appreciate the opportunity to obtain online the certificate confirming the absence of debts to budget (64%). Enterprises would also be grateful if they were given the opportunity to pay taxes and fees online.

Figure 5.6: Question 61: What e-services should STS implement in order to simplify/streamline the fulfillment of tax liabilities of economic operators to the budget? (multiple choice), N=401, %



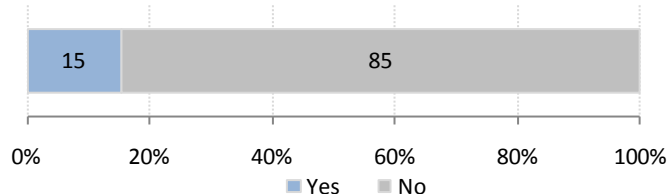
Chapter 6: Regulatory Reform

This chapter presents information regarding the implementation of the one-stop-shop, the share of people who used this service, as well as those who had to make repeated visits and to replicate documents brought to other public institutions in order to obtain the certificate they needed. It also reveals the opinion of the enterprises regarding the inspection visits and business closing procedures.

6.1 Accessing services of the one-stop-shop

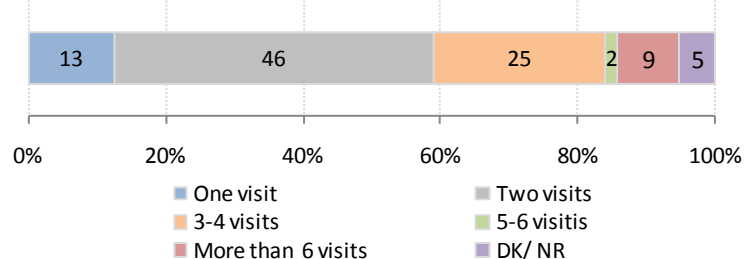
15% of the enterprises did obtain some certificates (authorizations/ permits) at a one-stop-shop over the last 12 months. The most frequently respondents mentioned that they requested via the one-stop-shop certificates from Tax Inspectorate, Mayoralty, Chamber of Licensing and Chamber of State Registration.

Figure 6.1: Question 63: Had you obtained a certificate (authorization, permit) at a one-stop-shop over the last 12 months? (single answer question), N=408, %



In general, it is likely to obtain the needed document in less than 3-4 visits to the one-stop-shop. But the greatest share managed to do so by making only two visits to the one-stop-shop and 13% got it from the first time they went there.

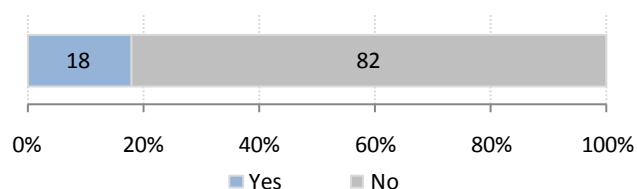
Figure 6.2: Question 65: How many visits have you made to OSS in order to obtain the last certificate/ authorization/permit you received? (single answer question), N=56, %



**this question has only been asked to those who answered "Yes" to the question 63*

18% of the respondents who used the services of one-stop-shop didn't have to duplicate their efforts and offer the same information (certificates, applications) to other public institutions in the process of obtaining the needed documentation. Documents most likely required to be doubled to Tax Inspectorate were fiscal certificates and annual reports. Construction permits and cadastral titles, requested by Cadastral Offices and Mayoralties, were also mentioned frequently that were.

Figure 6.3: Question 66: If yes, please specify what kind of certificate was it and the authority that issued it? (open question), N=56, %



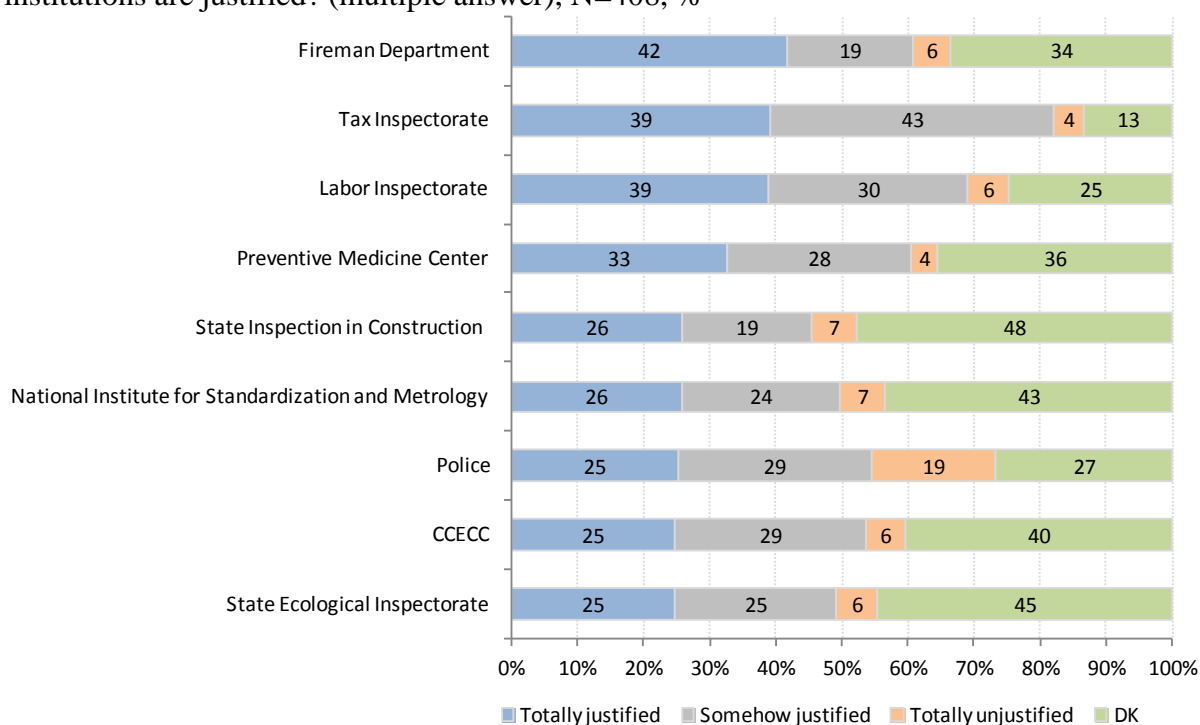
**this question has been asked only to those who answered “Yes” to the question 63*

Table 6.1: Question 66: If yes, please specify what kind of certificate was it and the authority that issued it? (open question), N=10, Count

Public institution	Document mentioned	
Tax Inspectorate (4)	Reports (2)	Fiscal Certificate (2)
National Bureau of Statistics (3)	Statistical Report “1-m” (Labor) (1)	Statistical Report “5-Ci” (Investments) (2)
Cadastral Offices (3)	Cadastral Title (2)	General Location plan (1)
State Chamber of Registration (2)	Extract from State Register (2)	
National Health Insurance Office (2)	Medical Insurance Policy (2)	
Preventive Medicine Centre (2)	Sanitary Book	Sanitary Certificate
Ministry of Healthcare (1)	Authorization	
Medicines Agency (1)	Certificate	
Labor Inspectorate (1)	List of the employees	
Chamber of Licensing (1)	Confirmative Documents	
Territorial Social Insurance Office (1)	Social Insurance	
Mayoralty (1)	Authorization	

While private sector representatives do not oppose to Tax Service inspections (82% consider them justified) as well as Labor Inspectorate visits (69% consider them justified) and Fireman Dept. (42% consider their visits totally justified), Police visits are more likely to be perceived as totally unjustified than those of other public authorities (19% as compared to a general trend of 4-7%). The respondents found particularly difficult to express their - opinion regarding visits paid by CCCEC, State Ecological Inspectorate, State Inspection in Construction.

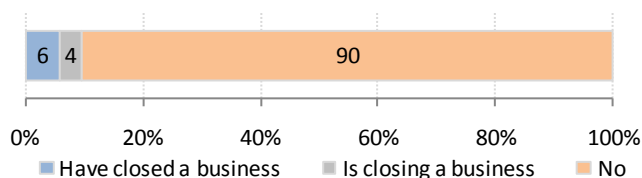
Figure 6.4: Question 68: In your opinion, which of the following inspections made by public institutions are justified? (multiple answer), N=408, %



6.2 Assessment of the Business closing procedures

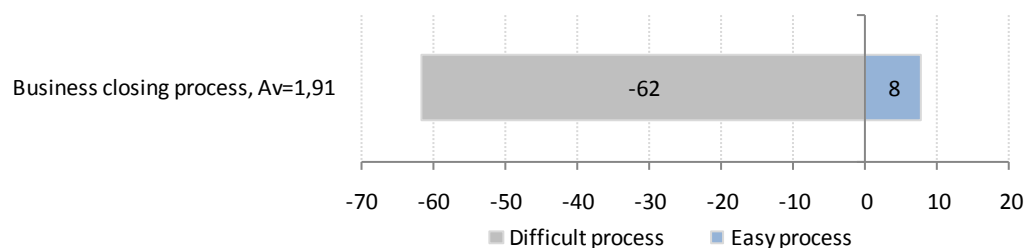
10% of the interviewees had experience of closing a business: 6% of them have already closed a business and 4% are in the process of doing so.

Figure 6.5: Question 69: Have you closed or are you in the process of closing a business? (single answer question), N=408, %



The majority of those who had experience of closing a business think it is a difficult process (-62%).

Figure 6.6: Question 70: How would you rate the closing process of a business on a scale from 1 to 5, where 1 – means “very easy” and 5 – “very difficult” to close a business in Republic of Moldova:



While respondents who are now closing a business have spent more time but less money, on the procedure, those who have already closed a business spent less time, but more money on the same procedure. On average, the procedure of closing a business costs about 6 788 lei and it lasts about a year, requiring an average of 16 different documents. All these figures have been averaged out and do not represent particularities of specific businesses.

Table 6.2: Question 71: Please estimate how much time, money and how many documents you had to obtain for closing your business? (open question)

	Have closed a business		Is closing a business		Total	
	Count	Average	Count	Average	Count	Average
Duration, months	19	9	13	15	32	12
Cost, MDL	17	9591	11	2456	28	6788
Number of documents, units	20	16	11	17	31	16

Chapter 7: Sources of Information About Economic Reforms and Public Institutions Services

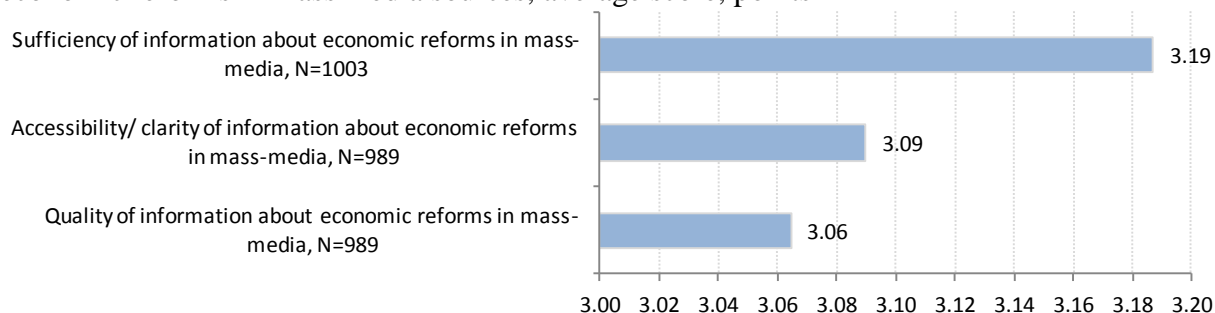
This chapter presents data regarding the information sources used for keeping up with news on economic reforms and the service range provided by the public institutions.

7.1 General Public Survey Results

While the fact of getting sufficient information was assessed at the level of 3.19 out of 5 points, aspects connected to its accessibility/clarity and its quality are less likely to get respondents' appreciation (3.09 and 3.06 points). It is worth mentioning that urban dwellers are more satisfied with the quantity of information regarding economic reforms provided in mass-media (3.27 points as compared to 3.12 in the rural area). Similarly, economically active respondents show a higher degree of satisfaction than the economically inactive ones (3.33 vs. 3.07 points). The same may be observed when referring to the quality of information received (3.17 vs. 2.97 points), and its accessibility (3.21 vs. 3.00 points).

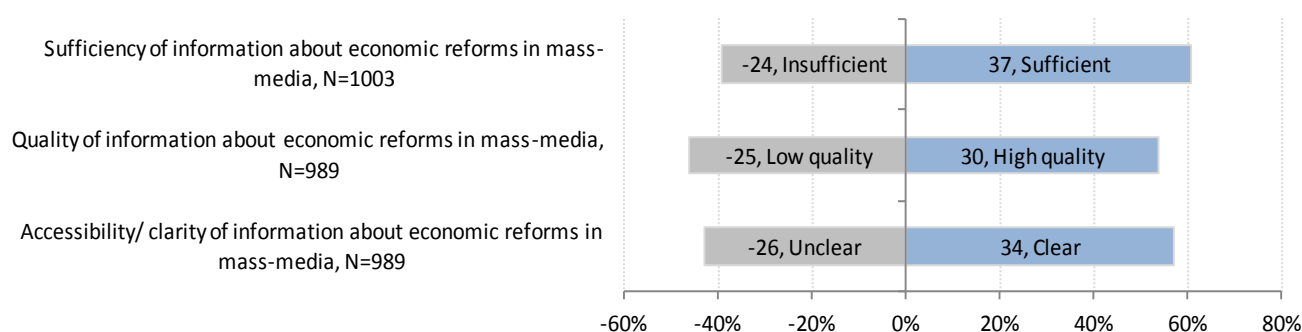
Level of education and income are correlated, to some extent, with the quality of the information. When analyzing frequency aspect, it may be observed that people with the highest level of education and the highest income are less likely to be satisfied with the quality of information than those who have a middle education level and whose income is between 2000-2500 MDL per person.

Figure 7.1: Question 23: Quantity, quality and accessibility/ clarity of the information regarding economic reforms in mass media sources, average score, points



Again, quality seems to be the most questionable aspect of the information presented in mass-media sources. Still, one may note that population is not very satisfied with neither one of the listed criteria – quantity, quality, clarity. For all of these, positive scores predominate over the negative scores, but the negative scores characterize one fourth of the interviewees.

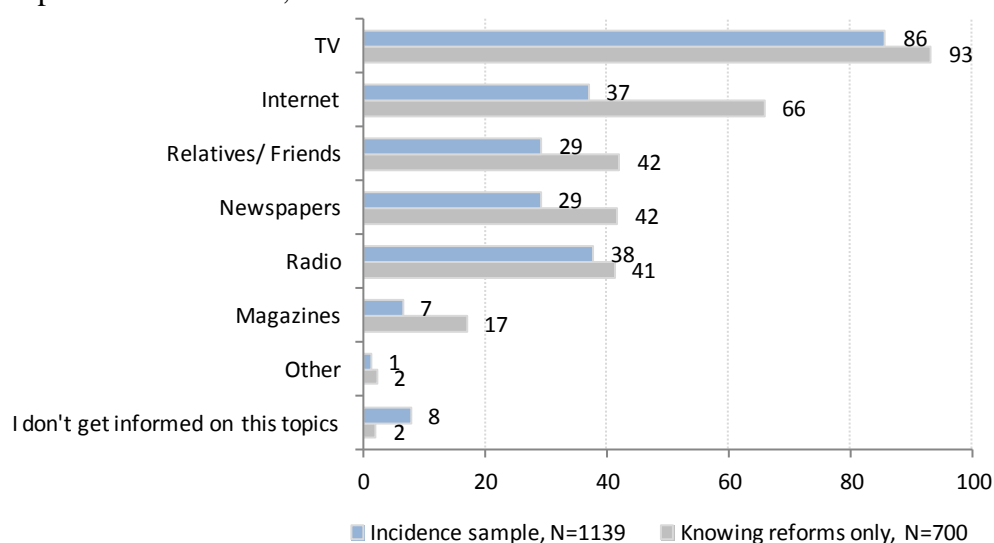
Figure 7.2: Quantity, quality and accessibility/ clarity of the information regarding economic reforms in mass media sources, frequency analysis, %



Before analyzing specific sources used by the population for obtaining information on the activity of public institutions, it is worth mentioning that overall, respondents who are aware of the reforms are more inquisitive – they use more sources and to a greater extent than the average population.

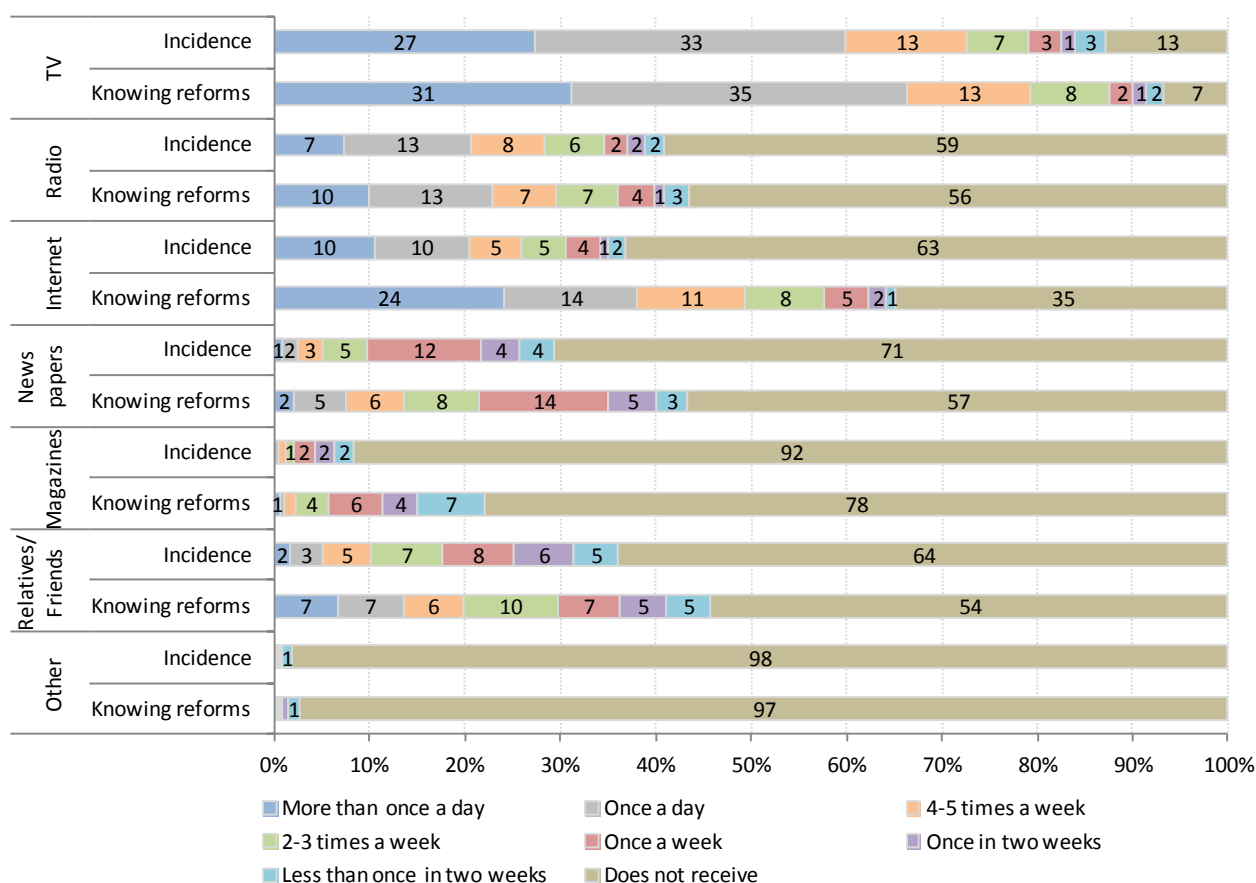
TV is the main source of information for both analyzed samples (it has a share of 86% among the incidence sample and a share of 93% among those who know the reforms). When speaking about Internet the difference between the two samples is greater – 29 percentage points. Those who are aware of the reforms get more information from relatives and friends, newspapers, magazines as well. The smallest difference was registered in case of radio – 3 p.p.

Figure 7.3: Question 25: What media sources do you use to get informed regarding the activity of public institutions?, %



On average, respondents are more likely to use TV than other information sources: a share of 27% watches TV more than once a day, looking for economic information. Still, it is important to mention that Internet is also an important source of information for those who are aware of the economic reforms – they access it several times a day searching for economic information (24% as compared to 10% in case of average population). Those who are aware of the reforms use magazines more often than average population and the same may be observed for the newspapers.

Figure 7.4: Question 26: How often do you look for economic information via the following media sources?, N=1139 (incidence sample), N=700 (only knowing reforms), %



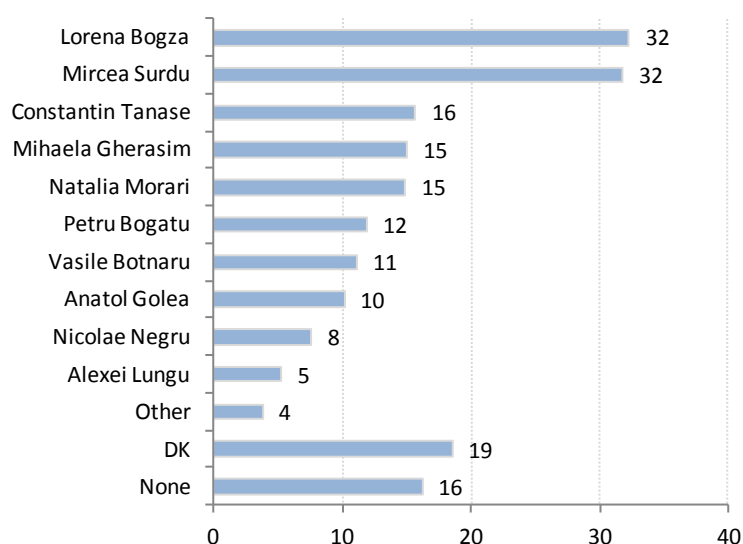
There are two opinion leaders whom people trust in terms of economic information presented: Lorena Bogza and Mircea Surdu. These two showmen represent the two TV channels – Pro TV and Moldova 1, which are followed by two different types of TV viewers. The popularity gap between these two TV personalities is not significant (less than 1 percentage point) They are followed by Constantin Tanase, Mihaela Gherasim, Natalia Morari, all of them having similar ratings (15-16%).

Lorena Bogza is particularly popular among those who are aware of the economic reforms (45% vs. 29% those who are not aware of the reforms). In case of Mircea Surdu the difference between the two segments of respondents is smaller (39% vs. 30%). While Lorena Bogza is more popular among urban population (+13 p.p.), Mircea Surdu is more popular in the rural area (+ 18 p.p.); this may be explained by the popularity status of these two TV channels in the urban and, respectively, rural areas.

It is important to mention that young respondents aged 18-24 years old are less likely to have an economic opinion leader (28% do not know whom to trust in this area) than their older counterparts –. The same trend may be noticed in case of retirees (26% do not know whom to name). But while for the youngest segment Lorena Bogza is the person they prefer to listen up to, Mircea Surdu has the preference of the older segment.

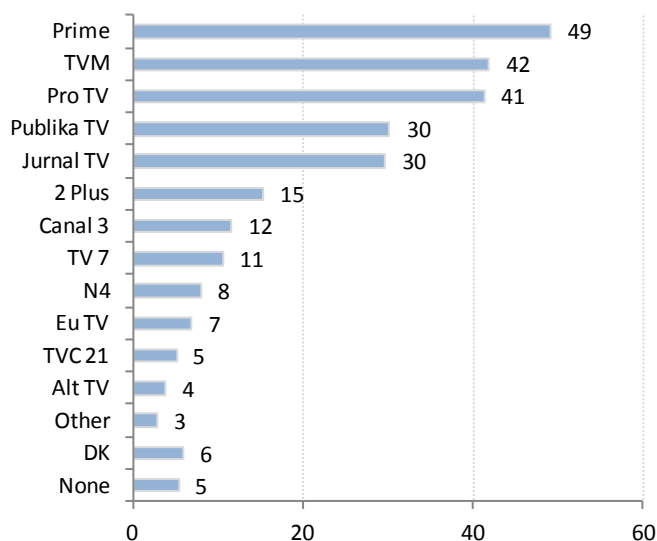
It is interesting to mention that Tanase's opinion is particularly respected by the respondents who completed postgraduate studies (44%) and those who have at least a Master degree (26%).

Figure 7.5: Question 27a: What reporters in your opinion are trustworthy and are aware of the economic situation?, N=1139, %



Prime channel is seen as the most trustworthy information provider by 49% of the interviewees, followed by TVM, ProTV, Publika TV, Jurnal TV. It is important to note that Jurnal TV is mainly appreciated by those who are aware of the reforms (49% vs. 25% who are not); being also popular among urban population (42% vs. 19%). This may be partly explained by the fact that not all the population in rural area has access to this TV channel. ProTV is significantly more popular among those who know the reforms (62% vs. 37% of those who are not aware of the reforms). And while Pro TV is more popular among younger interviewees (53% of young people vs. 23% retirees), TVM has registered the opposite trend (its share increases from 30% among young people to 54% among retirees). The popularity of Jurnal TV is proportionally increasing with the income level of the respondents, in case of TVM the opposite trend is registered.

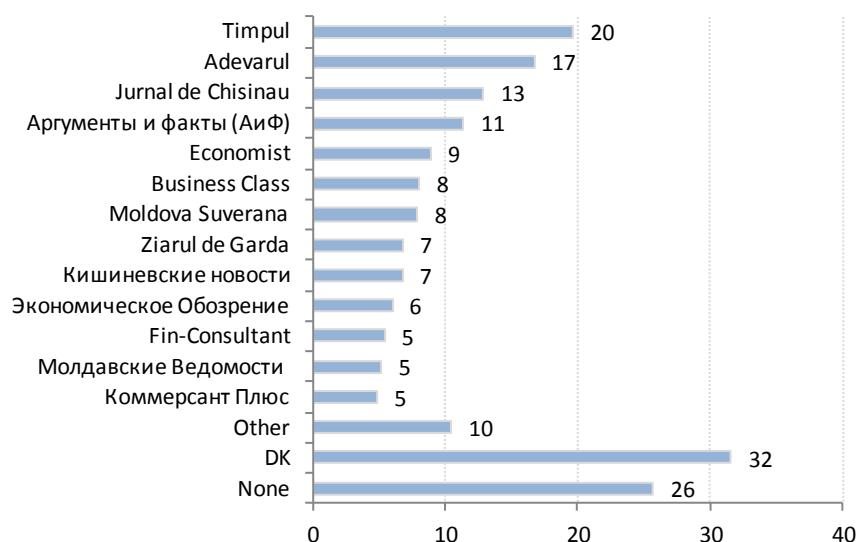
Figure 7.6: Question 27b: What TV channels, in your opinion, are trustworthy and are aware of the economic situation?, N=1139, %



Referring to newspapers, the leadership belongs to Timpul, but its prevalence doesn't have a large margin. The difference between its share and the second best rated newspaper is only 3 percentage points. Both these newspapers have a significantly larger share in case of the population aware of the reforms (Adevarul – 31% vs. 13%; Timpul 31% vs. 17% among those who are not aware of the economic reforms). Overall, newspapers and magazines are more

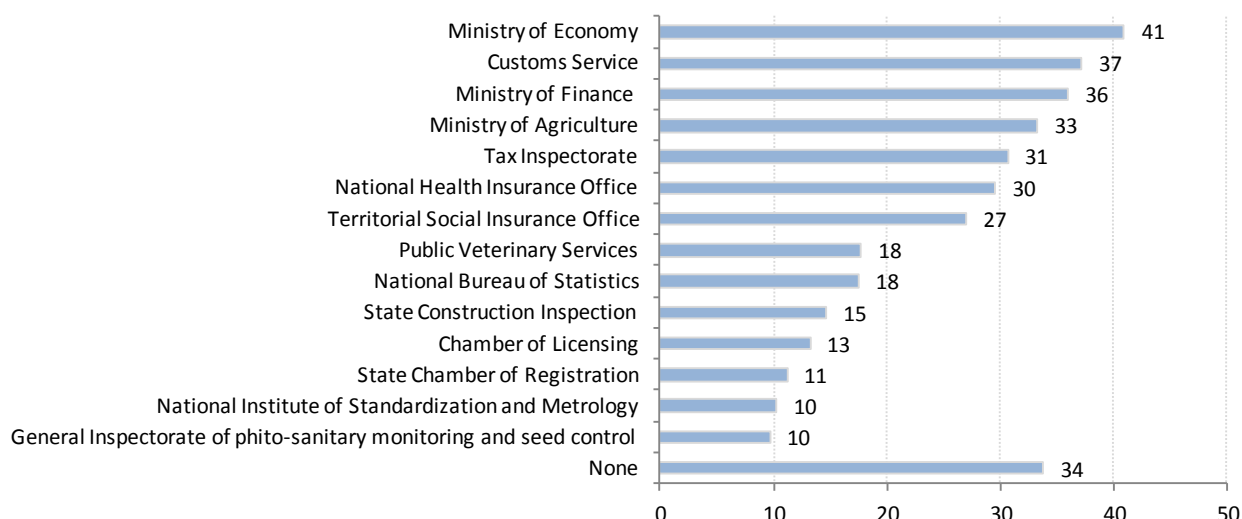
likely to be popular among urban population as well as among the economically active interviewees.

Figure 7.7: Question 27c: What newspapers, in your opinion, are trustworthy and are aware of the economic situation?, N=1139, %



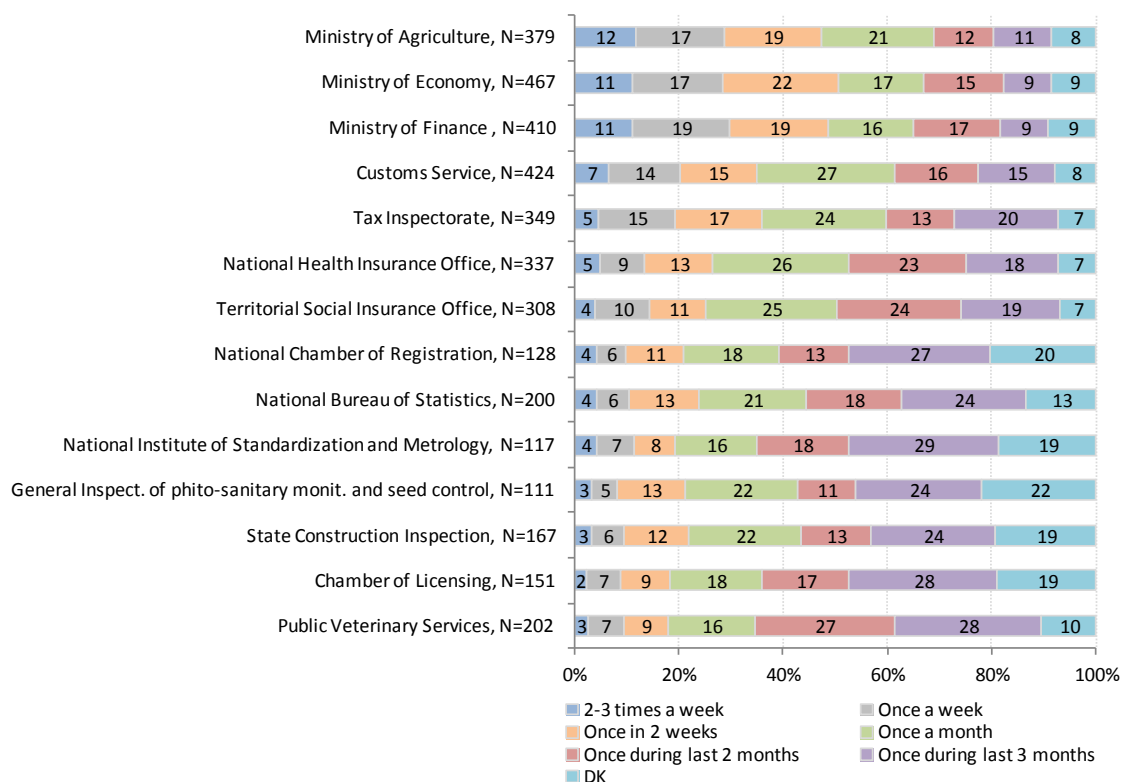
Being asked about what public institutions they heard in mass-media over the last 3 months, interviewees indicated Ministry of Economy (41%), Customs Service (37%), Ministry of Finance (36%). The less likely to be heard about is the general Inspectorate of phyto-sanitary monitoring and seed control. Businessmen, particularly, and economically active population, in general, as well as students, have been more attentive to the information about the public institutions as compared to the other socio-demographic categories.

Figure 7.8: Question 28: What public institutions did you hear about from the mass-media sources over the last 3 months, N=1139, %



Ministry of Agriculture, Ministry of Economy, Ministry of Finance, Tax Inspectorate and Customs Service are the institutions that respondents are more likely to have heard information about.

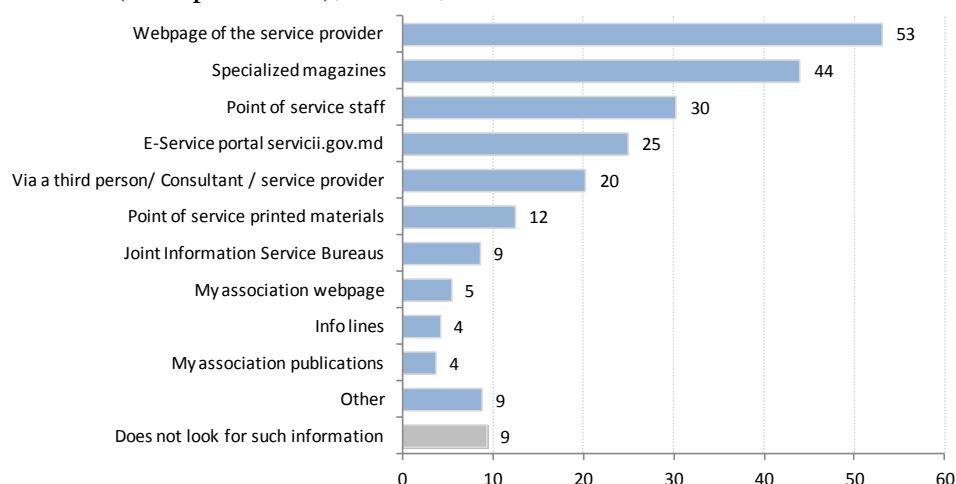
Figure 7.9: Question 28: How often did you hear about the following public institutions during the past 3 months, N=1139, %



7.2 Private Sector Survey Results

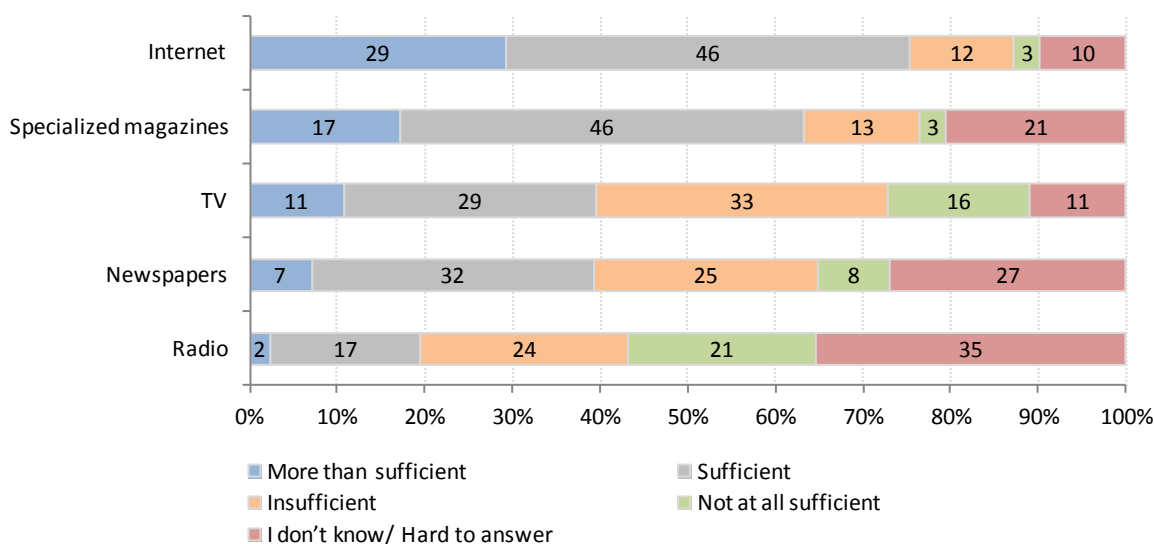
The webpage of the service provider is the most important source used by the enterprises in order to find information about the services provided by the public institutions (53%). Specialized magazines are also used for this purpose (44%). A little less than one third of the population prefers to address to the point of service staff. One fourth uses the information from the E-service website servicii.gov.md.

Figure 7.10: Question 8: What sources do you use to get informed about public institutions services? (multiple choice), N=408, %



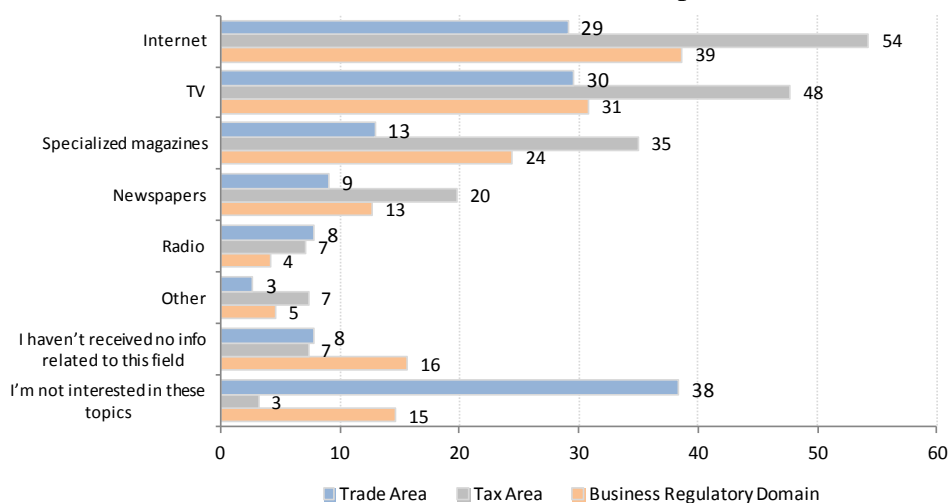
The Internet is the most informative source: 29% think that it offers more than sufficient information. Specialized magazines are second in this regard with a share of 17%.

Figure 7.11: Question 9: What is your opinion about the quantity of information on economic reform on TV? (single answer), N=408, %



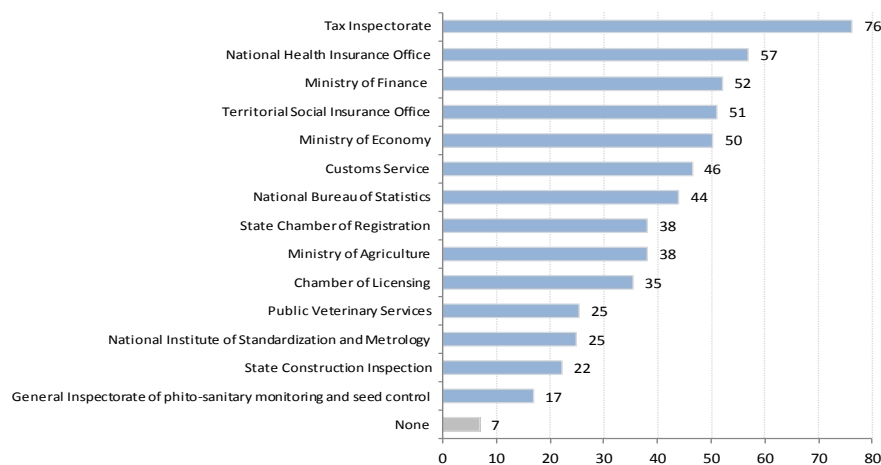
According to the responses of the enterprise interviewees, information regarding trade area came primarily from the TV and Internet (30% and 29%), but 38% are not particularly interested in it. As for the tax area, Internet is the most important source of information, followed by the TV and specialized magazines, newspapers. Business regulation area follows the same pattern.

Figure 7.12: Question 10: And over the last three months, through which media sources have you received information related to Trade area? (multiple choice), N=408, %



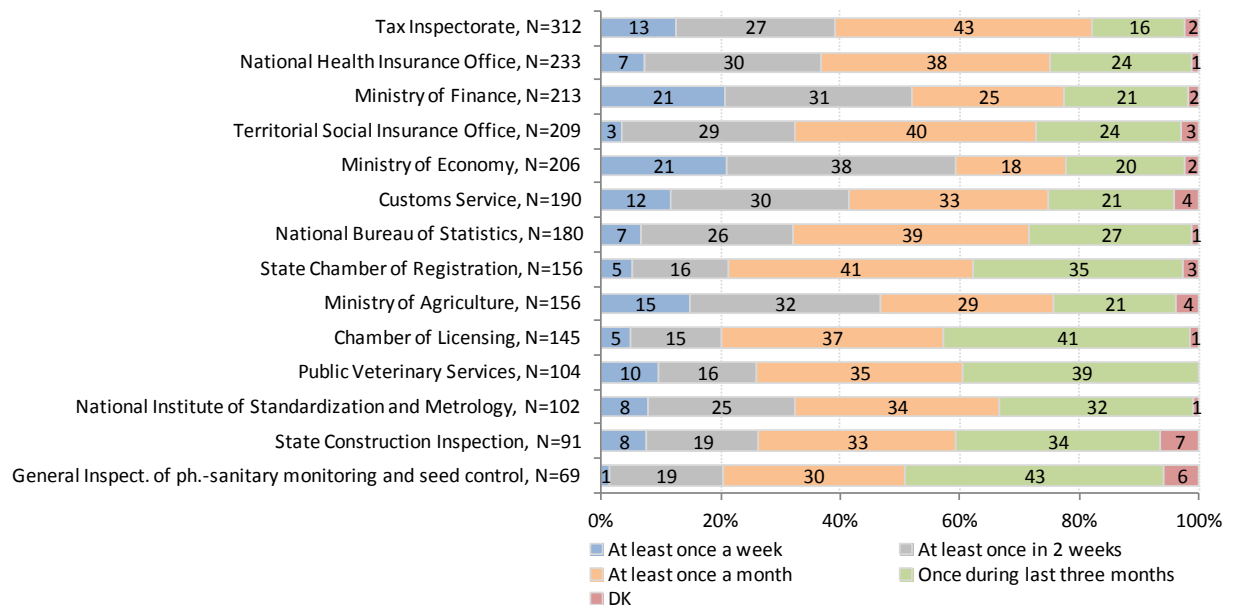
Enterprises are more likely to pay attention to the information regarding tax area, thus, 76% of the interviewees heard/ watched/read about Tax Inspectorate in the past 3 months. Information regarding National Health Insurance Office was mentioned by 57% of the respondents.

Figure 7.13: Question 12: Which public institutions you can recall hearing of/watching/reading about during the last three months? (multiple choice), N=408, %



Respondents heard/watched/read information about Ministry of Finance (21%), Ministry of Economy (21%), Ministry of Agriculture (15%), Tax Inspectorate (13%) at least once a week. This share is smaller when it comes to the rest of the listed institutions.

Figure 7.14: Question 12: And please specify how often you have received information about the mentioned institution during last 3 months? (single answer per row), N=408, %

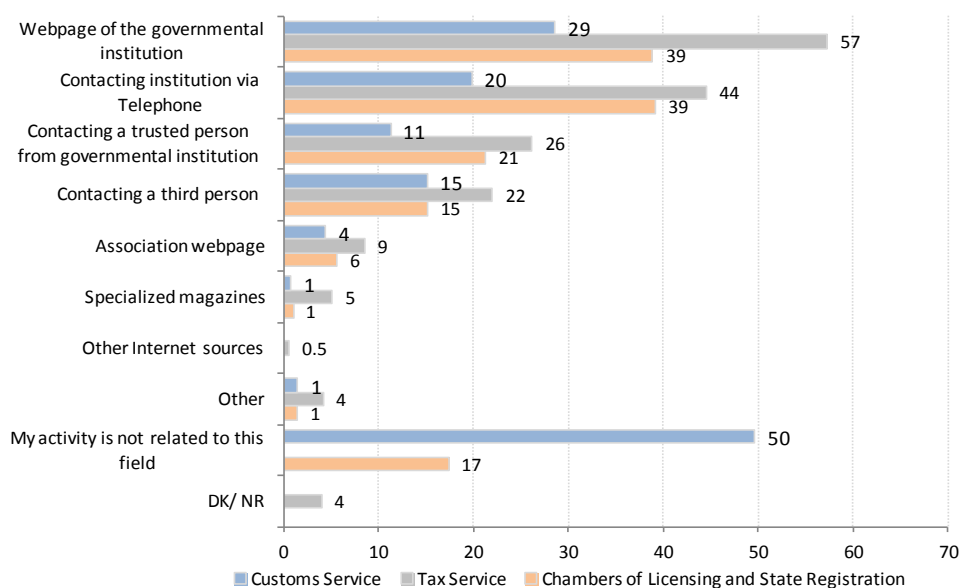


When representatives of the private sector need information regarding Customs Service, they use the webpage of the governmental institution (29%) and contact the institution by phone (20%). It is worth mentioning that they would rather contact a third person than a trusted person from governmental institution (15% vs. 11%), which may be explained by the lack of such a civil servant.

In case of Tax Service, information is mostly searched for on the webpage of the institution (57%), with a 44% of the respondents contacting the institution by phone.

When needing information about Chamber of Licensing and State Registration, respondents visit the webpage of the institution and get in touch with a representative of the institution by phone (39% each).

Figure 7.15: Question 13: If you need information on how to carry out a particular procedure related to Customs service and Trade activities, Tax Area and Chamber of Licensing or Chamber of State Registration where do you look for it? (multiple choice), N=408, %



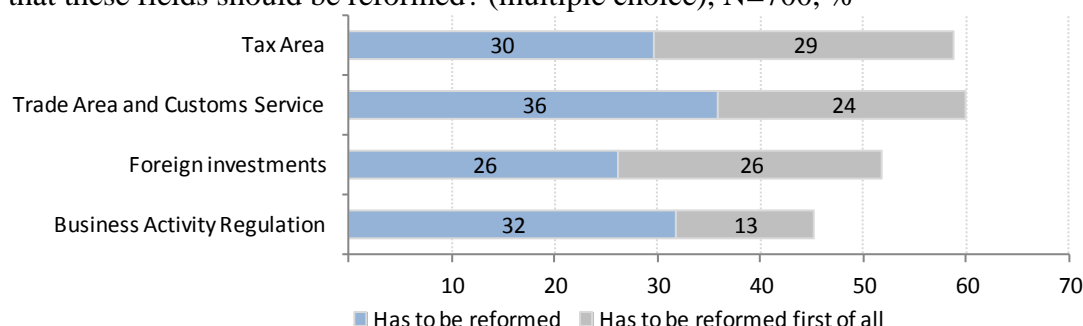
Chapter 8: Expectations Regarding Economic Reforms

This chapter presents the analysis of the expectations the General Public has regarding the economic reforms and the readiness of the Private Sector to support specific reforms that shall be implemented.

8.1 General Public Survey Results

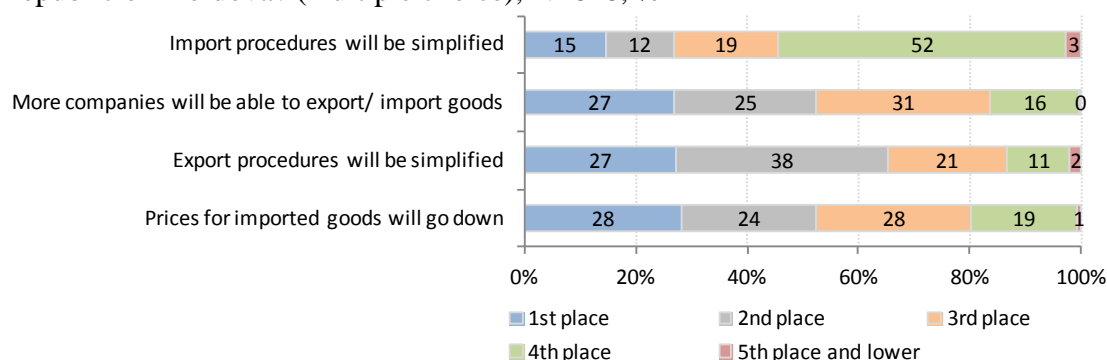
60 % of respondents asserted that the field which needed to be reformed was Trade Area and Custom Service, with 24% of them declaring that this area should be reformed first of all. Interviewees mentioned that Tax Area (59%) should be also reformed, while being asked to indicate the area which needs to be reformed firstly.

Figure 8.1: Question 7: In your opinion, which of the following economic fields need to be reformed and which should be reformed first of all? Also, please, specify why do you consider that these fields should be reformed? (multiple choice), N=700, %



General public expectations regarding Trade Environment reform in Republic of Moldova are threefold: people hope that more companies will be able to export/import goods (27%) firstly, export procedures will be simplified (27%), and prices for imported goods will decrease (28%). Simplification of the import procedures is not seen as an obligatory outcome of the reform, since 52% mentioned it only at the fourth place. Other outcomes expected by the general public are “decrease of bureaucracy, corruption, price reduction, elimination of artificial barriers”.

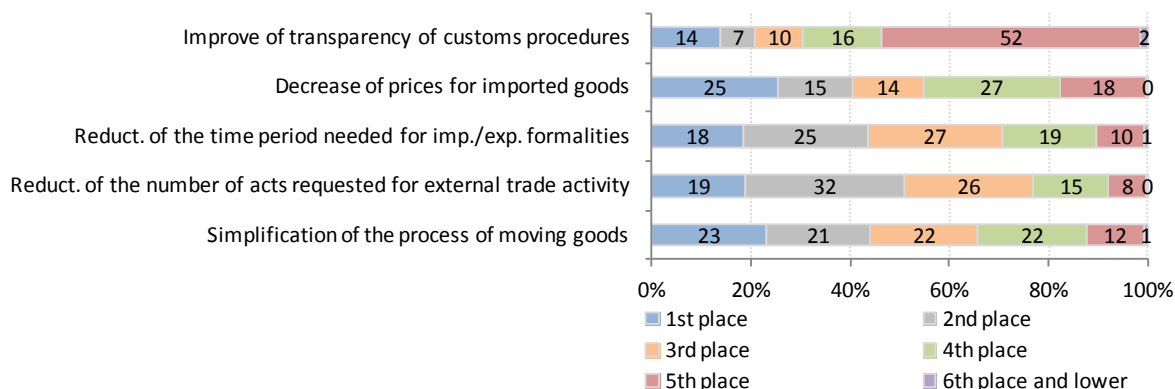
Figure 8.2: Question 8: What are your expectations regarding Trade Environment reform in Republic of Moldova? (multiple choice), N=628, %



General public representatives would like Customs reform to bring the following first and foremost effects: decrease of prices for imported goods (25%) and simplification of the process

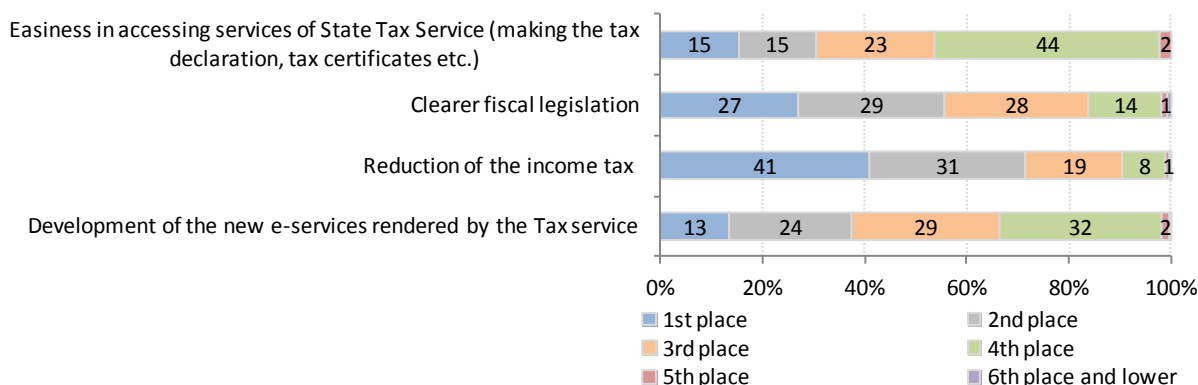
for moving goods (23%). Reduction of documents number requested for external trade activity is another effect which is sought by the population (51% indicated this outcome in the first or the second place). Improve of transparency of customs procedures is the least important effect as according to the results – 54% considered it as the least important, putting it either on the 5th or 6th place or even lower. Elimination of corruption, bureaucracy, a more thorough control of the goods quality are among other outcomes mentioned by the interviewees.

Figure 8.3: Question 9: What are your expectations regarding Customs reform in Republic of Moldova? (multiple choice), N=616, %



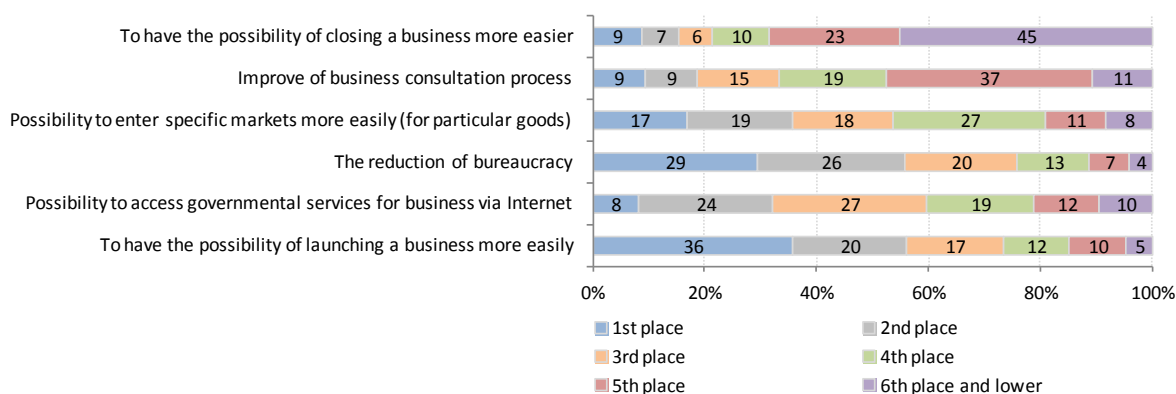
Regarding the Tax reform in Republic of Moldova, 41% of respondents expect that in the first place it will lead to the Reduction of income tax, while 27% expect firstly a clearer fiscal legislation and 15% - the easiness in accessing services of State Tax Services (tax declaration, tax certificates etc.). Thus, the most awaited outcome of the Tax reform is the reduction of the income tax, being followed by clearer fiscal legislation.

Figure 8.4: Question 10: What are your expectations regarding Tax reform in Republic of Moldova? (multiple choice), N=623, %



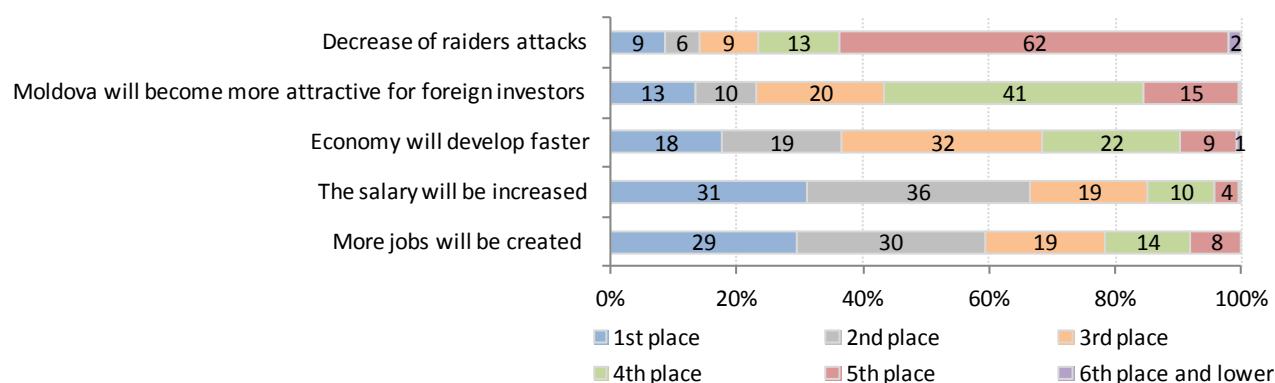
36% of the interviewees mentioned that their first and foremost expectation regarding Business reform is to have the possibility of launching a business easier, 29% expect the reduction of bureaucracy and 17% hope to have the possibility to enter specific markets easier.

Figure 8.5: Question 11: What are your expectations regarding Business Regulations reform in Republic of Moldova? (multiple choice), N=614, %



When asked to list their expectations regarding Investment Regulations reform, 31% of participants emphasized that they expected the salaries to be increased in the first place, 29% hoped that more jobs would be created and 18% expected the economy to develop faster. Decrease of raiders' attacks seems to be less important in the eyes of the general public, which may be partly explained by the low level of information and by the fact that this outcome is not so visible and perceptible at general public level, while salary increase and job opportunities are of a more significant interest for them.

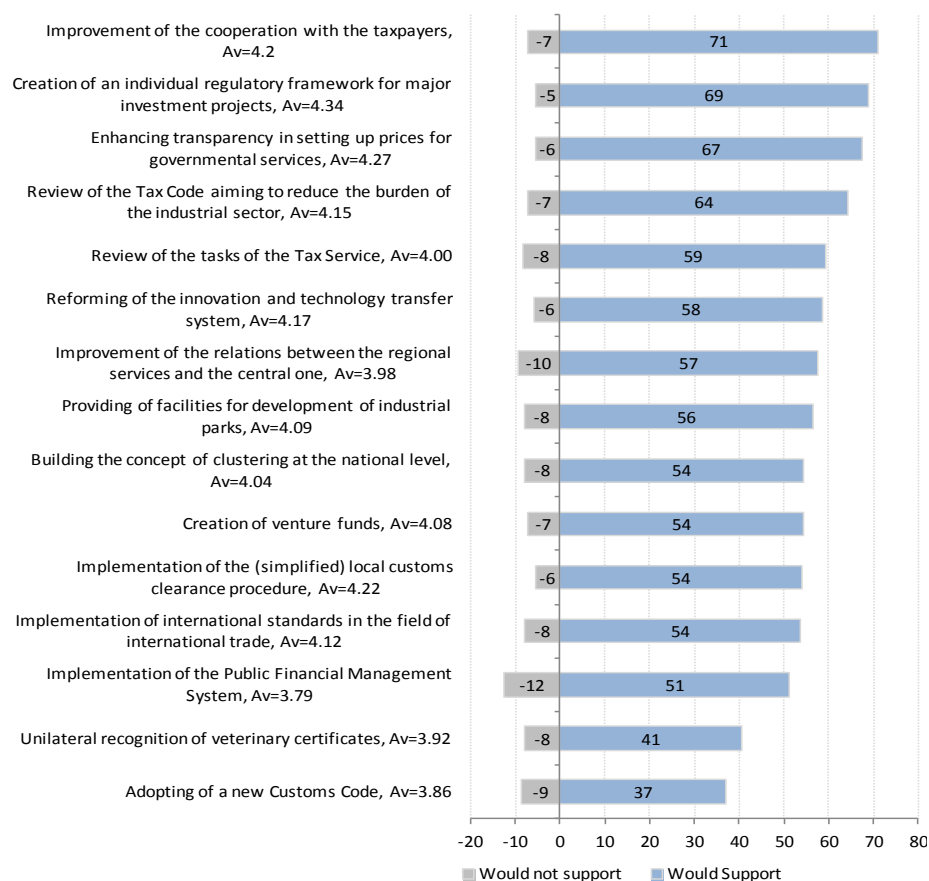
Figure 8.6: Question 12: What are your expectations regarding Investment Regulations reform in Republic of Moldova? (multiple choice), N=619, %



8.2 Private Sector Survey Results

The reform which is most welcomed by the representatives of the private sector is "the improvement of cooperation with tax payers" – 71% would support it. It is followed by the "creation of an individual regulatory framework for major investment projects" – 69%, "enhancing transparency in setting up prices for governmental services" – 67%. When analyzing average readiness to support a particular reform, one may observe that it reaches the greatest figures in case of the following reforms: "creation of an individual framework for major investment projects" (4,34), "enhancing transparency in setting up prices for governmental services" (4,27) and "implementation of the (simplified) local customs clearance procedure" (4,22), "improvement of the cooperation with the taxpayers" (4,2).

Figure 8.7: Question 6: Also, please assess your readiness to support the following reforms using a scale from 1 to 5, where 1 – I don't support at all this reform, 5 – I totally support this reform. (single answer per row) [rating frequency], N=408, %



Conclusions

The Main Findings this study brought to light refer to the patterns regarding reforms awareness and interaction with state institutions as well as getting information about the activity of the Government and other public bodies, which are generally determined by two socio-demographic features – the employment status and the education level of the respondents.

Respondents employment status influences, to a large extent, the way they interact with information regarding national economy overall and the activity of public institutions. As a result, economically active people are more likely to be informed on issues regarding implementation of economic reforms, National Economy and interaction with public institutions. On the other hand, education level has a direct impact on the respondents' acknowledgement and perception of economic information. This is explained by the fact that the affinity for economic information is directly proportional with the level of education obtained.

The main conclusions regarding each aspect taken in consideration within this study are as follows:

Awareness of Economic Reforms

- The General Public has a negative perception of the governmental achievements over the last 3 years in the economic area. The share of respondents who mentioned failures is considerably higher than those who listed some achievements, with business players being more likely to be reticent when assessing this aspect;
- Respondents deem salary increase and its payment in due time as the main economic achievement. On the contrary, the main failures are, in their opinion, the increase in prices and taxes and the insufficient quantum of salary. When putting together the two answers, it comes up clearly that the population from Moldova is overwhelmed by personal financial problems that prevent them from having a global vision on the economic life of our country;
- The majority of General Public is not aware of the reforms in the Tax Area, Trade Area and Customs Services and Business Regulations Area;
- The respondents who are informed about the reforms are most likely to refer about the simplification of the business launching and registration procedures when speaking about Business Regulations. Implementation of the Electronic reporting system (51%) and taxes increase (24%) were two preponderant issues mentioned for the Tax Area reforms. As far as it concerns the Trade Area the streamlining of the National Border crossing was indicated mainly;
- Businessmen are most likely to know about the following reforms: implementation of the electronic declaration and annulment of the 0% quota of tax income, in Tax Area; the streamline of the import (14%) and export (8%) procedures, mentioned as a reform for the Trade Area; the streamline of the business launching procedure (23%) is the most known reform in the Business Regulatory field;
- Overall, every fifth respondent is informed about the economic reforms implemented in the Republic of Moldova over the last 3 years;
- Businessmen see the lack of qualified personnel to implement the reforms, the lack of an implementation plan as well as the lack of political will as major obstacles to the realization of reform implementation process, at present;

- According to the representatives of the Private Sector, these barriers can be overcome by carrying out a deeper analysis of economic needs and creating working groups and identifying the experts who could develop the reforms;
- BIZPRO is the most known USAID project, being mentioned by 20% of the respondents;
- Regarding reform implementation with the support of USAID, 11% from interviewees know at least one of these reforms.

Sources of information about Economic reforms and Public institutions services

- Overall, information on economic reforms is deemed as rather sufficient, but its quality and accessibility (clarity) do not get a high appreciation;
- The most common sources used by the General Public to get informed about the activity of public institutions are the TV, the radio and Internet. As a rule, those who are aware of the economic reforms are also more likely to get the information on Internet;
- Internet and TV are the main information sources for businessmen and companies representatives. When looking for information about the services provided by a public institution or regarding the ways to fulfil a procedure, Private Sector representative are most likely to access the institution webpage;
- The most trustworthy journalists are deemed to be Lorena Bogza and Mircea Surdu;
- The most followed TV channels are Prime, TVM, Pro TV, Publika TV and Jurnal TV;
- As far as it concerns the written press, the newspapers Timpul and Adevărul are the most trusted ones. Nonetheless the written press is less likely than Internet and TV to be used as information source on the economic reforms;
- Most frequently, the General Public received information about the activity of a Ministry of Economy, Customs Service and Ministry of Finance, and companies representatives did the same regarding the Tax Inspectorate, National Health Insurance Office and Ministry of Finance;

Expectations regarding Economic Reforms

- Tax Area and Foreign Investments field are the main areas that need to be reformed, in the opinion of the general public;
- The main expectation regarding the external trade is linked to the simplification of the export procedure;
- Decrease of prices for imported goods and simplification of the process of moving goods are the major expectations linked to the reforms to be implemented in the Customs Service activities, in the first place;
- As far as it concerns the Tax Area, respondents expect the reduction of the income tax and clearer fiscal legislation;
- Respondents' expectations in the field of Investments regulations are connected with their financial needs, and namely – salary increase and creation of more jobs;
- At the same time, Private Sector representatives are more likely to support reforms such as the improvement of cooperation with tax payers and Tax Service and creation of an individual regulatory framework for major investment project.
- Attitude and perception of the public institutions
- Customs Service, Tax Inspectorate, National Health Insurance Office and Territorial Social Insurance Office are the 4 public institutions the General Public addresses more frequently;

- On the other hand, services provided by Tax Inspectorate, National Health Insurance Office and Territorial Social Insurance Office are more often accessed by Private Sector representatives;
- Overall, service quality and information provided by Customs Service, including the trust in information received and the attitude towards the issuing institution, have obtained from both General Public and Private Sector the lowest appreciation. On the contrary, National Bureau of Statistics obtained the highest evaluation results in this regard;
- 15% of the respondents bribed civil servants when addressing to the public institutions analyzed in this study. In most of the cases, bribes were offered on own initiative with reference to National Chamber of Registration and Chamber of Licensing. In the case of State Construction Inspectorate and Customs Service civil servants asked themselves the respondents for financial incentives;
- The main suggestions made for improving the quality of public services are dealing with corruption reduction, increase of the public servants salaries, strict controls of the public servants, increase of transparency and access to the information regarding public institutions activity and services as well as increase of public servants qualification and professional skills.

Cross-border Trading process

- Despite the low marks obtained by Customs Service when speaking about respondents' attitudes and perceptions towards this institution, the representatives of trade companies assessed highly the professional skills of its employees;
- Similarly, the same category of respondents is more likely to assess border-crossing process and procedures as easy rather than difficult. The quality of Customs legislation has also assessed as positive.
- The majority of the trade companies are satisfied with the distance to be covered in order to get to their current customs terminal;
- Taking into account the mentioned above, it may be concluded that negative attitudes towards Customs Service are the result of information streamed in mass-media, as well as the interaction with the representatives of this institution;
- Road transport is the main means of rapping imported and exported goods. Exporters spend at customs terminal longer hours as compared to the time importers spent at the same stage;
- The average duration of moving goods across the border is 31.5 hours for import procedures (including the time required to cover the distance between customs terminal and company warehouses), while it amounts to an average of 29 hours for exporting goods.
- Customs clearance expenses vary a lot between the interviewed companies. This difference is due to the quantities and the kind of goods imported/exported, as well as the different countries to/from which these are moved. Due to the considerable data deviation it is recommendable to estimate the costs of customs clearance activities according to their median value. As a result, the total cost of the customs clearance procedures can be estimated at 19.3 thousands MDL, the greatest share consisting in transport expenditures (median value 10 thousands MDL).
- According to representatives of the surveyed companies within **Delphi Study**, the next actions would lead to the optimization of both import and export activities: 1. Digitization of customs procedures and limiting interaction between the representatives of Customs Service and companies. This action, according to company representatives, would have the effect to reduce the level of corruption and informal relationships within the Customs Service; 2. Integration of the information system of the institutions related to the

import/export activities and Customs Service; 3. Making customs declaration exclusively in electronic format. This would significantly reduce the time of issuing this document and its approval by the Customs Service; 4. Reduction of customs duties to a level which would discourage smuggling of goods, but at the same time it would ensure the same or even increase the revenues to the state budget; 5. The payment of import taxes and VAT when trading goods and not before doing the import itself; 6. Increasing imports in the green corridor and increasing the speed of crossing the customs points; 7. Making transshipment procedures in all customs terminals.

Tax Administration

- Overall, current tax calculation process is perceived by the enterprises as not an easy procedure. Although the greatest share (27%) thinks it is neither easy nor complicated;
- The majority of the respondents think that measures taken by State Tax Service in order to promote tax legislation are sufficient;
- As a rule, accountants and financial department employees are those who usually access www.fisc.md website for information. Directors do it less often, and the same may be stated for the general manager's assistants and ordinary employees;
- Enterprise representatives would greatly appreciate the opportunity to obtain online the certificate confirming the absence of debts to budget. Enterprises would also be grateful if they were given the opportunity to pay taxes and fees online.

Regulatory Reform

- 15% of the enterprises did obtain certificates (authorizations/ permits) via one-stop-shop over the last 12 months;
- Respondents were most likely to mention certificates issued by Tax Inspectorate, Mayoralty, Chamber of Licensing and Chamber of State Registration, that they requested via one-stop-shop;
- In general, it is possible to obtain the needed document in less than 3-4 visits to the one-stop-shop;
- 18% of the respondents who used the services of the one-stop-shop didn't have to duplicate their efforts and offer the same information (certificates, applications) to other public institutions in the process of obtaining the needed documentation;
- Private sector representatives do not oppose to Tax Service inspections as well as Labour Inspectorate visits and Fireman Dept., while Police visits are more likely to be perceived as totally unjustified compared to those of other public authorities;
- The majority of those who had experience of closing a business think it is a difficult process;
- On average, the procedure of closing a business costs about 6 788 Lei and it lasts about one year, requiring an average of 16 different documents.

Perceptions and practices in Public – Private dialogue

- The main purpose of the a company association is to represent the interests of its members;
- At the same time, company managers stated the necessity of a more intensive communication with governmental institutions as a must for improving services provided by the associations, firstly;
- The most common issues on which respondents deem PPD as an effective mean are related to taxing and tax area legislation;

- A large majority of respondents (70%) don't know about any of current PPD activities. The National Business Agenda and The National Council of NGOs turned out to be the most known;
- Every tenth company has association membership. As a rule, it is a branch association, bringing together businesses from the same industry;
- 1% of the interviewed companies participated at meetings of the Regulatory Impact Assessment. Overall involvement of the enterprises in PPD activities is quite low. Only 12% of them participated in such activities;
- The main reason why companies do not get involved in PPD activities are the lack of need in participating and the fact that they usually do not know when these activities are scheduled;
- Only 7% of the companies representatives know how to provide feedback on draft laws;
- The most frequent suggestions on actions to be taken by private sector were related to the increase in commitment and the level of interest companies demonstrate, as well as offering more information about their activity;
- On the other hand companies' representatives suggested that public institutions should be more interested and supportive in solving business issues.